

BUSINESS WEEK



A sign of the Army war games in the Southeast.

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12 American cruisers SUNK WITHOUT TRACE

In the first six months of this year 56,700 man YEARS of production time have been lost in this country—56,700 man years that can never be regained—56,700 years that could have been saved by just a little practical patriotism.

And in those 56,700 man years 12 complete cruisers or 1000 big bombers this country needs so desperately could have been built.

It can well be that those 12 cruisers, those 1000 big bombers may spell the difference between victory or defeat for America. Can any selfish gain be worth the risk of humiliation and slavery for America and every American?

The 56,700 years are gone—one hundred and eighteen million man hours. The only way to make up that awful loss to this country is to work that much harder and better from this moment on.



**YOU CAN TURN IT BETTER.
FASTER, FOR LESS... WITH
A WARNER & SWASEY**

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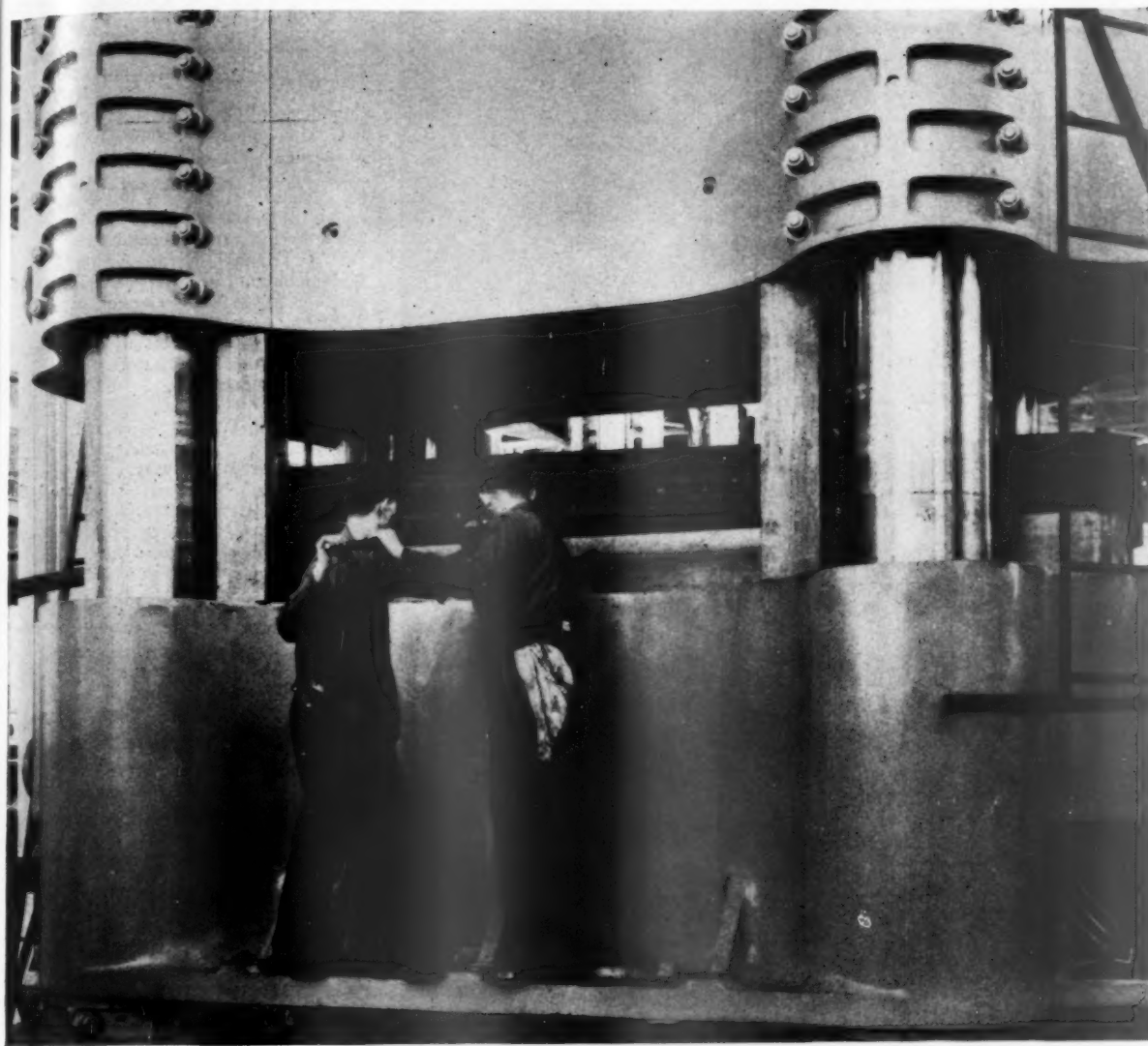


Photo courtesy of The Hydraulic Press Mfg. Co., Mt. Pleasant, S.C.

5000-ton jaws can't chew this rubber

A typical example of Goodrich improvement in rubber

It's rubber that feels like rock—but flows like jelly. It must stand a squeeze of five thousand tons. It must be so elastic it pushes back against this pressure like a spring. Press manufacturers needed such rubber for a new, faster method of making some of the 35,000 metal parts for airplanes being rushed out today.

When the iron jaws of the press close, the push behind them equals the weight of a 15-story building. Dies with sheet metal over them are squeezed down into the rubber block. The rubber is so firm that it feels

solid and hard, and so strong that it forces the sheet metal around the dies, into their exact shape.

It must stand this not only once but again and again, day after day, without being chewed to pieces—a different type of rubber from any ever made before. Could such rubber be furnished?

B. F. Goodrich not only worked out the proper type of compound but several different variations of it to adapt it to the special problems of different press manufacturers. It's one more contribution to faster production but

it's still not unusual, for Goodrich improvement in rubber is a steady process applied *continuously*, year after year, to all sorts of products. Not only new products but the rubber hose, V-belts, conveyor belts and hundreds of other things you buy from B. F. Goodrich *today* can be expected to be better than those you bought even last year, because of this never-ending program of research. *The B. F. Goodrich Company, Mechanical Goods Division, Akron, Ohio.*

B. F. Goodrich
First IN RUBBER

BECAUSE

"IT IS A WAR OF MOVEMENT"

... it is a
ball bearing
war!

Thus New Departure contributes its full measure of support to America's vital defense effort by devoting days and nights to the uninterrupted manufacture of the ball bearing of

Quality

New Departure

THE FORGED STEEL BEARING

NOTHING HOLDS LIKE A BALL BEARING

NEW DEPARTURE • DIVISION OF GENERAL MOTORS • BRISTOL, CONNECTICUT

BUSINESS WEEK

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A MCGRAW-HILL PUBLICATION

Business Week • November 15, 1941

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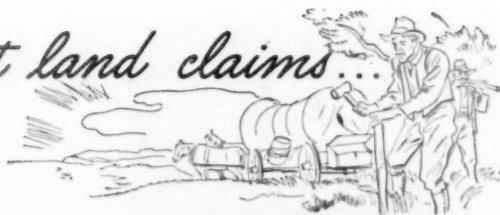
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Where early settlers staked out land claims...



**SURVEYORS ARE STAKING OUT
FOUNDATIONS FOR
VAST NEW PLANTS TODAY!**

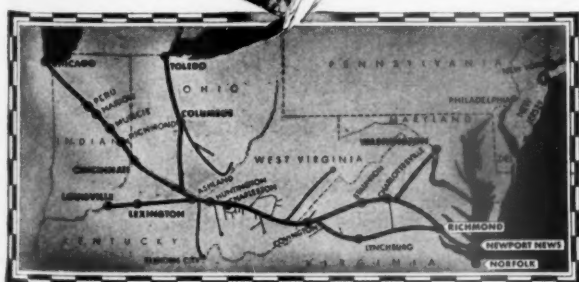


IN the rich lands now known as *The Chessie Corridor*, the first white settlers staked out great tracts of wilderness—and built tiny log cabins. Today a new wave of settlers is coming in . . . this time to build great manufacturing plants. There's still plenty of room to grow in *The Corridor*, for the industries already here and for those coming in ever-increasing numbers . . . attracted by *The Corridor's* endless resources. Here are abundant raw materials to meet

the needs of a diversity of industries. Limitless fuel—coal, oil, gas and low-cost electric power. Plentiful, pure water flows in *The Corridor's* streams, and wells up from the ground. Excellent transportation by Chesapeake and Ohio's fast, scheduled freight service brings major markets within first to third morning delivery range of this desirable manufacturing area.

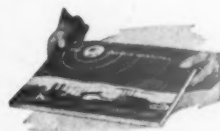
Perhaps your company's wisest move would be to follow the present march of new industries into *The Chessie Corridor*. To help you find the answer, you should have *all* the facts—now—about this territory.

"Will a little better be the symbol for Industry's next great expansion area?"



Here's the **WHOLE STORY**

—*between covers.* Information on this important area is now organized and available in a new 56-page book you'll be proud to have in your library—"The Chessie Corridor—Industry's Next Great Expansion Area." This beautiful book is a graphic survey of the resources, conditions and opportunities which beckon industry to *The Corridor*. Copies will be mailed to business executives requesting them from INDUSTRIAL DEVELOPMENT SERVICE, Chesapeake and Ohio Lines, Huntington, W. Va.



THE CHESSIE CORRIDOR ★ Served by **CHESAPEAKE and OHIO LINES**



All Super-Tough lenses in Willson industrial goggles are individually tested and exceed the requirements of Federal specifications, assuring maximum comfort and protection.

Willson manufactures an eye protective and respiratory device for every conceivable industrial hazard. Call in your local Willson Safety Service representative or write direct.



GOGGLES • RESPIRATORS • GAS MASKS • HELMETS

WILLSON
DOUBLE
PRODUCTS INCORPORATED
READING, PA. U.S.A.

BUSINESS WEEK

and the ANNALIST

Nov. 15, 1941

THE COVER

When 360,000 soldiers move into an area, hospitality—even the Southern kind—is taxed to the limit. For example, when the Army took over 16 counties in North and South Carolina for its big maneuvers this month, the restaurant on the cover was only one of many local businesses that needed a breathing spell—especially on payday, when \$14,000,000 was distributed to the men in uniform. But the payroll isn't the only thing that means business when the Army moves in. Everything from ice cream to real estate is involved—page 22.

RESERVING MATERIALS

Price inflation isn't the only kind of inflation that Washington is worried about. Priorities inflation has become a pretty serious problem too, as the constant demand for higher preference ratings has eaten more and more seriously into available supplies of scarce materials. For two months now Washington has been talking about allocations, as a means of providing consumer-goods manufacturers with enough materials to stay in business. Deciding that a certain portion of supplies ought to be reserved for them is one thing; determining how that portion shall be divided up, industry by industry, manufacturer by manufacturer, is another and tougher problem, but defense authorities are feeling their way toward its solution—page 15.

NO CHINK IN THE ARMOR ALLOWED

San Francisco employers have been uniformly proud of their "boss union," the San Francisco Employers Council, and the pattern of collective bargaining for employers which it has set. Currently, the city's hotel owners, members of the council, are carrying on a bitter fight with A.F.L. unions, pegging their strategy to the council's "united front." But this time the collective front has cracked. Having tried all the usual weapons for preventing the split, it has now gone to the courts for aid—page 18. Thus, the council adds another precedent to the collection it has accumulated in the business of pioneering a new pattern of labor relations.

REDESIGNING MEAT CUTS

There's nothing sacred about how to cut up a side of beef, a lamb, or a hog. Under the tutelage of the National Live Stock and Meat Board, the Army is learning that fact to its advantage. Particularly, it's learning how to get maximum food with minimum waste out of meat animals—and, at the same time, it's teaching a lot of future butchers and restaurateurs the same habit. This story won't help you carve next Sunday's roast of beef; it will tell you something about the roast you may carve some Sunday a few years hence—page 39.

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WASHINGTON BULLETIN

FOR BUSINESS BY BUSINESS WEEK'S WASHINGTON BUREAU

Postponing New Taxes

Congress will put price control and economy in non-defense spending ahead of more taxes but is in no hurry about any of them. In any Congressman's political primer, painful taxes are more forbidding than inflation dangers. Few of them are impressed by the Roosevelt-Morgenthau request for immediate consideration of a multi-billion dollar tax bill to control inflation by diverting into the Treasury money which, if it were spent, would only help to boost prices further.

A big tax bill affecting both individuals and business is sure next year. That can't be avoided by cuts in non-defense spending, but to justify further tax increases, Congress will first take a whack at the "ordinary budget." Like the White House, Capitol Hill is giving a more serious ear to Morgenthau's economy proposals than ever in the past.

Payroll "Checkoff" Out

However big the tax burden becomes, little chance is seen now that Congress will ever adopt a federal "checkoff" from payrolls. Certainly, with the congressional elections coming up, it will not ask the voters next year to swallow a double dose by requiring them to pay their taxes on this year's income out of paychecks from which the 1942 tax has already been deducted. A general sales tax or general manufacturers' excise taxes may be preferred. Industry would obviously prefer the former, while the retail trade would welcome the latter, as a means of thinning out the tax load that otherwise would cut heavily into sales and collections of accounts receivable.

Preview of Spending

Federal departments and agencies have submitted their requests for appropriations for the 1943 fiscal year, which starts July 1, 1942. The total amount requested is reported to be over \$40,000,000,000.

Nearly every agency, nondefense as well as defense, requested an increase over the current year. The Budget Bureau hopes that total 1943 appropriations, not including lease-lend, can be kept down to \$35,000,000,000 and that nondefense can be held between \$6,000,000,000 and \$7,000,000,000.

Enlisting the Government

Next year's budget-making goes with other plans now on foot to throw the

government itself squarely behind the defense program. The Budget Bureau is doing the razor-work, but each of the President's six anonymous assistants is at work on some aspect of adjusting the government's administrative operations to the all-out effort.

The New Deal's pet agencies—SEC, Wage-Hour, WPA, CCC, and NYA among others—are slated for a trimming. Actual defense agencies will get priority on all federal personnel, thus partly crippling other agencies which have been trying to masquerade "government-as-usual" operations by flag-waving.

Price Appeaser

Hardworking Vice-President Wallace's latest assignment is to placate all factions sufficiently to wangle the price-control bill out of Congress. He has been privately sounding out farm and city congressional leaders in an effort to get them together. In line with the projected compromise (BW—Nov. 8 '41, p14), Wallace has tried to appease the farm leaders by talking vaguely of some form of wage control. With city congressmen, he has discussed a ceiling on farm prices as a quid pro quo.

Dollar-a-Year Fuss

F. D. R. is adroitly sidestepping the fuss over \$1-a-year men. Just this past week he has delegated his appointing authority to Defense Chieftains Nelson, Knudsen, Henderson, and Hillman. This was in accord with their wishes because of long delays in clearing appointments through the White House, but the action also relieves the President of any embarrassment incident to the crusade against \$1-a-year men by Senator Truman's committee.

In the main, the services of the \$1-a-year people are still regarded as a valuable adjunct by OPM's bosses, but it is probable that their usefulness will be impaired by the intention of Capitol Hill to link them with the award of contracts to their companies at the expense of small business enterprises. The Truman committee expects to produce evidence that numerous \$1-a-yearlings are still on private payrolls.

Lewis vs. Hillman

Employees of OPM's Labor Division will have their eyes glued on Detroit, beginning Monday when the C.I.O. convention opens there. John L. Lewis and his cohorts are out to pillory the Labor Division's chief, Sidney Hillman.

The Lewis crowd wants Hillman's scalp because of his rôle in the Currier housing scrap (BW—Oct. 18 '41, p16) and because of his alleged mishandling of the captive coal-mine dispute. Both cases are cited as instances of the way in which Hillman's defense policy leads inevitably to an infringement of labor's rights. Getting C.I.O. groups to withhold cooperation from Hillman would cripple his usefulness.

If Lewis gets his way, C.I.O. action will send Hillman back to private life. Hillman's defense at Detroit will be led by his own union, the Amalgamated Clothing Workers, who, to their embarrassment, might find support tendered by Communist-dominated C.I.O. affiliates whose aid-to-Russia program makes them backers of Hillman's drive to let nothing interfere with defense production.

Making It Official

The Neutrality Law belatedly follows real neutrality into the waste basket. Technically, the law is only amended. Actually, it becomes a ghost. Congress does officially to the law what it did indirectly but nonetheless effectually when it passed the lease-lend bill, what the Administration did when it handed destroyers to Britain and again when it put "neutrality" patrols on the Atlantic.

Original intention was to make two bites of the cherry—first to legalize the arming of ships, then to kill the restriction of U.S. ships sailing into war zones. But the march of events, plus the demonstrated weakness of the isolationists in Congress, changed the program. The Navy is already in a "shooting war." Next?

Priority over Priorities

Announcement that \$15,000,000 of machine tools will be allocated to Russia is just a hint of what's going on. Many more tools are involved than those covered by lease-lend aid to the Soviet. Orders from Amtorg, Russian trading organization in this country, have been put on a par with British orders and in a more favorable position than most U.S. orders. The Russians have been given guaranteed delivery dates which prevail over any priority-rated order, no matter how high the rating.

Machine Tools

Capacity of machine tools built during 1940 and 1941 is equal, according

STEAM Heats America . . .

Producing heat is only part of the heating job. Putting heat where you want it, when you want it is the big job—the job modern Steam Heating does best. See fact story below. For details write Warren Webster & Company, Camden, New Jersey.

HOME OF ROCHESTER DEMOCRAT-CHRONICLE CUTS HEATING COSTS

Webster Moderator System Helps 5-Story Newspaper Building to Save \$738 in 6 Months

INCREASES HEATING COMFORT

Satisfactory Heating Provided in all Sections, including Press Room and Offices

Rochester, N. Y.—Heating costs in the Democrat and Chronicle Building were reduced \$738.80 in the first six months after completion of a Webster Heating Modernization Program.

This substantial saving is a result of the improved steam distribution secured with a Webster Moderator System of Steam Heating.

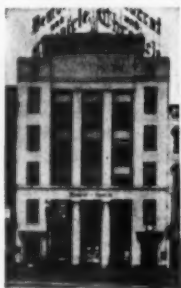
Neal Murphy, Business Manager of the Democrat-Chronicle, one of the famous Gannett newspapers, says:

"During the four years previous to heating modernization, we required 410.1 lbs. of steam per degree day to heat our building. With the Webster Moderator System, we require only 240 lbs. of steam per degree day and we are getting much better heat distribution.

"Our experience here has led the Gannett Company to install the Webster Moderator System in our Utica Observer-Dispatch Building, Utica, New York."

The Democrat and Chronicle Building is heated by steam from the street mains of the Rochester Gas & Electric Company. The savings are based on the difference between present and past steam consumption.

In every section of the building—mechanical department, pressroom and offices—comfort has been increased. There is a total of 3,323 square feet of installed direct radiation.



Democrat and Chronicle Building Rochester, N. Y.

to OPM, to the capacity of all tools in existence in the U.S. at the beginning of 1940.

Factories on Jan. 3, 1940, possessed about 930,000 machine tools. During the two years since, some 300,000 tools have been built with about three times the capacity per tool of the older ones.

• Say "Uncle"—Better than three-fourths of the new tools are government-owned, under one arrangement or another.

Advisory Panel on Advertising?

The advertising fraternity went to the first joint convention of the 4A's and the A.N.A. at Virginia Hot Springs this week with the jitters. Reason was their fear of what Thurman Arnold's anti-trust division and Leon Henderson's OPA—and its Consumer Division under Harriet Elliott—may do to them. Consequently, talk in the Consumer Division of setting up an advisory panel on advertising becomes important news.

Ostensible reason would be to tie advertising into the defense program. A good guess as to how this might be done would be to crack down on advertising of "scarcity" goods and divert it into informative channels—how to take care of your tires, for example. This type of advertising has been, of course, a long time objective of the consumer movement, now liberally represented in Miss Elliott's bailiwick.

• Beef Bureau—The move to bring the advertising trade into camp seems to be prompted also by a desire to have it do its squawking in Washington, rather than at large.

Escaping Sales Taxes

Supreme Court or no, the federal government won't be paying sales-tax tribute to the states on future cost-plus construction contracts. The court's decision (page 20) was narrowly drawn in terms of the specific working of the standard cost-plus-fixed fee contract. All the federal government has to do is change the form of the contract.

One possibility is that federal contracting officers may take over the job of buying materials. Contractors fear this—because it would complicate work schedules and because they see it as a step towards government force-account construction. Another possibility is to redraft the contract form to give contractors explicit status as agents of the government. Still a third which has had serious consideration is to have the contractor formally sell the materials to the government. This would change the locus of the final sale and in most states make the tax illegal.

• Pressure—F. D. R. suggested some time ago that projects might be routed toward states that play ball on sales taxes.

Phone-Radio Rationing

Priorities Director Nelson probably will call upon the Defense Communications Board to advise SPAB and OPM on communications industry priority problems, particularly with respect to allocation of materials.

DCB would be consulted in any situations calling for rationing of telephone service, curtailing of new radio station construction, and keeping alive of television and frequency modulation broadcasting. Both television and fan are viewed as potential cushions for post-war industry.

P. S.

Circulation of CAA's airport directory now is restricted, at the Army's request. Army pilots can have it, but mail pilots and other fliers can't. The idea is to keep the Nazis from getting hold of a copy—in less than two hours. . . . Interstate Commerce Commission is preparing itself to make a quick decision on the upping of freight rates once the wage issue is settled. . . . Donald Nelson and Floyd Odlum are reported to be at odds regarding the latter's plans for distributing defense business among the little fellows. . . . It recently took the U. S. mint at Denver three weeks to clear a purchase order for copper with which to continue minting pennies and alloying silver coins. . . . Ickes is still banking on an oil shortage, spreading reports that by early spring the British will want the tankers that were recently returned to this country. Meantime, he has ordered his staff to continue its work on a gas rationing plan. . . . The food stamp plan has had its budget for the year commencing next July slashed by \$50,000,000. Current rate of food stamp spending is \$120,000,000 a year. . . . The Supreme Court this week refused to rehear the General Motors auto-financing antitrust case. The court already had denied G. M. review of an adverse circuit court decision (BW-Oct. 18'41, p. 28). Since second petitions for rehearing are rare, the case may be considered closed. . . . Procedure of the Federal Trade Commission in holding open hearings to determine whether the National Electrical Manufacturers Association and its various members have violated a 1936 cease-and-desist order may mark a new policy. Informal investigation by examiners has proved unsatisfactory in big cases where trade associations and many companies are involved. Formal hearings are being given a try. . . . Rumor is that the Administration itself inspired Northwest Airlines' application for two new routes: Chicago-Washington and Minneapolis-Fairbanks, thus creating a direct run from the capital to Alaska, which would, of course, be a hotspot in any war in the Pacific.

FIGURES OF THE WEEK

THE INDEX** (see chart below)

PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
Steel Ingot Operations (% of capacity)	96.6	98.2	98.4	99.2	96.1
Automobile Production	93,585	92,879	79,065	132,380	120,948
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands)	\$15,104	\$11,826	\$17,294	\$16,406	\$22,902
Electric Power Output (million kilowatt-hours)	3,326	3,339	3,315	2,975	2,858
Crude Oil (daily average, 1,000 bbls.)	4,096	4,071	4,071	3,756	3,584
Bituminous Coal (daily average, 1,000 tons)	1,750	1,818	1,854	867	1,444

TRADE

Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars)	93	94	93	87	83
All Other Carloadings (daily average, 1,000 cars)	56	58	60	45	49
Check Payments (outside N. Y. City, millions)	\$6,355	\$5,769	\$5,548	\$5,310	\$4,632
Money in Circulation (Wednesday series, millions)	\$10,421	\$10,307	\$10,237	\$9,151	\$8,385
Department Store Sales (change from same week of preceding year)	+18%	+8%	+35%	+15%	-5%
Business Failures (Dun & Bradstreet, number)	196	187	210	248	256

PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931 = 100)	209.6	209.0	210.7	193.0	167.5
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)	144.9	144.9	145.6	138.1	120.5
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)	160.9	158.1	157.5	139.8	121.4
Iron and Steel Composite (Steel, ton)	\$38.15	\$38.15	\$38.15	\$38.15	\$38.06
Scrap Steel Composite (Iron Age, ton)	\$19.17	\$19.17	\$19.17	\$19.17	\$20.75
Copper (electrolytic, Connecticut Valley, lb.)	12.000¢	12.000¢	12.000¢	12.029¢	12.032¢
Wheat (No. 2, hard winter, Kansas City, bu.)	\$1.14	\$1.12	\$1.13	\$0.91	\$0.82
Sugar (raw, delivered New York, lb.)	3.50¢	3.50¢	3.50¢	3.41¢	2.90¢
Cotton (middling, ten designated markets, lb.)	16.35¢	16.20¢	16.66¢	12.31¢	9.57¢
Wool Tops (New York, lb.)	\$1.280	\$1.285	\$1.303	\$1.323	¢
Rubber (ribbed smoked sheets, New York, lb.)	22.50¢	22.50¢	22.50¢	24.65¢	21.03¢

FINANCE

90 Stocks, Price Index (Standard & Poor's Corp.)	75.3	76.1	77.9	75.6	89.9
Medium-Grade Corporate Bond Yield (30 Baa issues, Moody's)	4.26%	4.27%	4.28%	4.31%	4.48%
U. S. Bond Yield (average of all issues due or callable after twelve years)	1.83%	1.83%	1.90%	1.92%	2.00%
U. S. Treasury 3-to-5-year Note Yield	0.48%	0.45%	0.39%	0.47%	0.35%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average)	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6-months, N. Y. City (prevailing rate)	1/2%	1/2%	1/2%	1-1/8%	1-1/8%

BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks	23,876	24,258	24,400	23,616	21,592
Total Loans and Investments, reporting member banks	29,523	29,582	29,132	27,601	24,729
Commercial and Agricultural Loans, reporting member banks	6,573	6,554	6,501	5,568	4,827
Securities Loans, reporting member banks	986	962	920	886	902
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks	14,606	14,648	14,307	14,021	12,108
Other Securities Held, reporting member banks	3,679	3,731	3,749	3,688	3,613
Excess Reserves, all member banks (Wednesday series)	3,410	4,600	5,210	5,711	6,732
Total Federal Reserve Credit Outstanding (Wednesday series)	2,247	2,250	2,265	2,229	2,362

*Preliminary, week ended November 8th.

**Revised series (BW-Nov.1'41,p14).

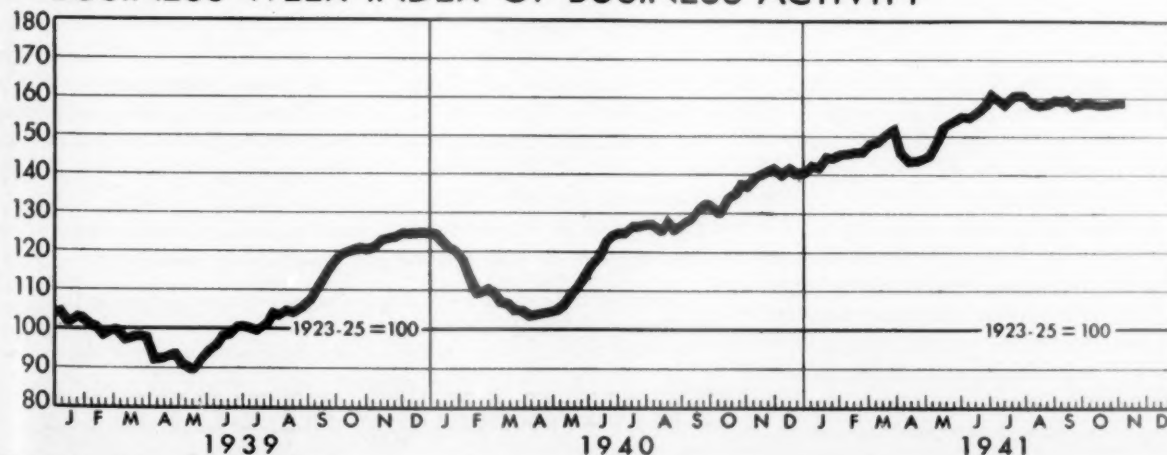
† Revised.

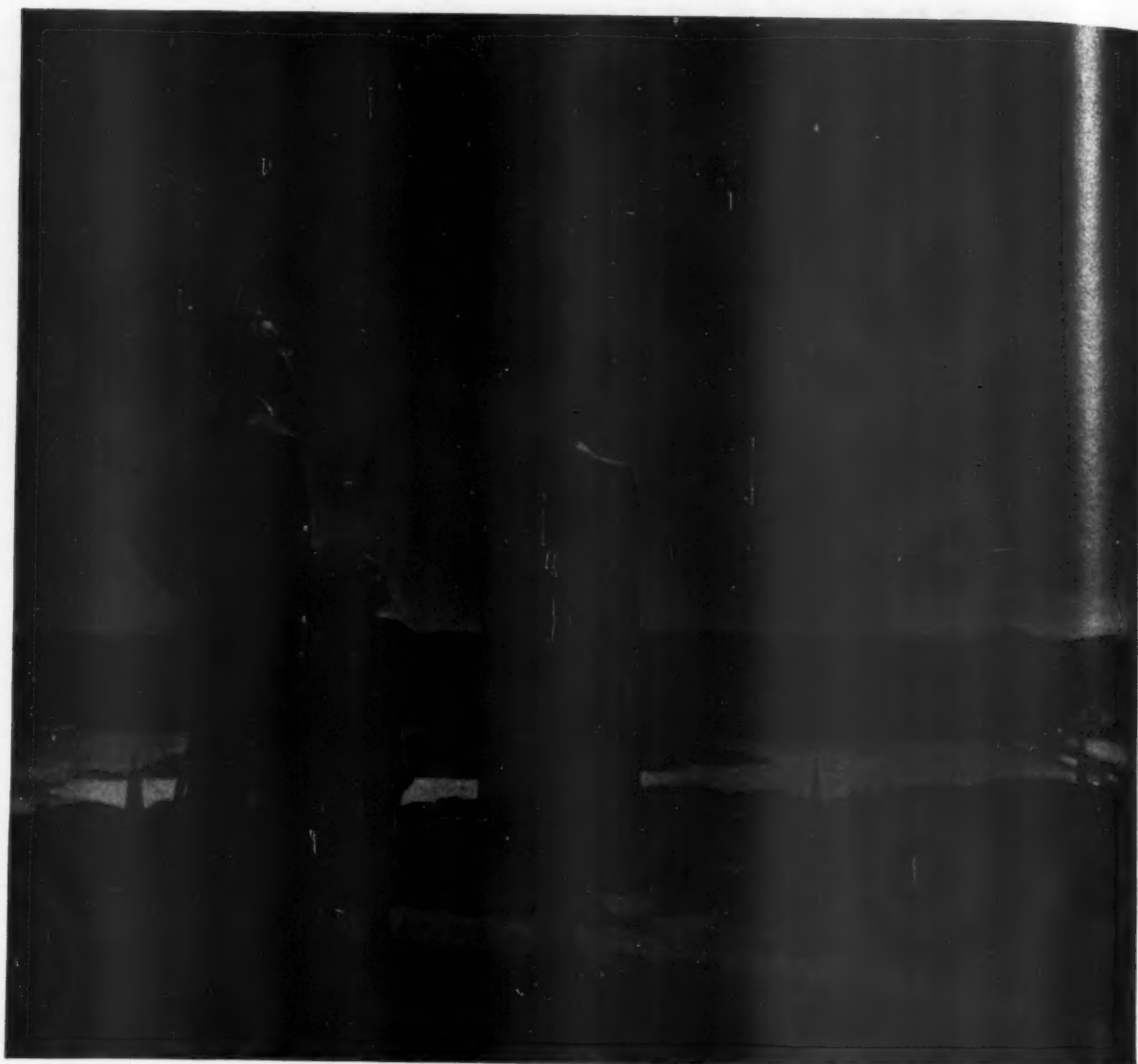
‡ Not available.

§ Date for "Latest Week" on each series on request.

¶ Ceiling fixed by government.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY





Something like a star...

OLD AS MAN is the admonition, "Hitch your wagon to a star"; young as a child is the impulse "To wish upon a star." For all men, in all time, a star has been the bright kindling point for dreams, fixed moment in time and eternity, beacon in the night and promise of the day to come.

Something like a star is research, because it answers in the world of practical affairs to some eternal spirit in the heart of man—a perpetual restlessness with things as they are, an eternal seeking for a better way, a continual progress towards a better world. And because this thing lives more in the mind and the

spirit than in the world itself, it is perpetual, everlasting, immutable, as eternal in its way as the stars themselves.

More than 60 years ago the General Electric Company first "hitched its wagon" to the bright star of research. In all this time the star has not been extinguished, instead it has gradually grown to be the guiding star of all American industry. Even today, when so large a part

of the total resources of General Electric are employed in the task of making America's defenses strong, it still shines bright.

But General Electric is not "wishing upon a star." Throughout the Company, scientists, engineers, executives, are thinking and planning and working to the end that the tomorrow which stars promise shall not simply come—but that it shall be better than today.

American industry has accepted the responsibility of serving America; is accepting the responsibility of helping to defend America; will accept, tomorrow, the responsibility of helping to build a better America and a better world.

GENERAL  ELECTRIC
968-34871-311

THE OUTLOOK

New Phase in War Production

Plant conversion will become increasingly important in the industrial drive which continues to dominate business despite big developments abroad and on domestic labor front.

The bog-down of the German drive against Moscow (page 81); Prime Minister Churchill's pledge of "war in an hour" against Japan if America becomes engaged in the Far East; the National Defense Mediation Board's 9-to-2 turn-down of John L. Lewis's demand for a closed shop in the captive coal mines (page 14); the trend toward stricter allocation of critical materials to both defense and nondefense industries—those four things this week combined to dominate and, seemingly, to confuse the outlook for business. The first suggests a stalemate war through the winter on the main Russian front; the second, this country's actual involvement in war; the third, a showdown on labor disputes; the fourth, increasing administrative control over production.

The Labor Problem

Fundamentally, however, the basic business situation is unchanged; fundamentally, we are, and have been, in a war economy for some time, and war will direct and channel all industrial pursuits. If Business Week has said that once, it has said it a dozen times. But it bears constant repetition—for all government, business, and labor policies ultimately must be shaped by the urgent need to produce armament—uninterruptedly and speedily. This dictates, in a sense, the quick resolution of management-labor disputes. If the Mediation Board doesn't keep the mills and mines working, then some other board will. And if necessary, troops will be marched in to prevent picketing. One way or another, war demands the outlawing of work stoppages—either by an act of Congress or by public opinion.

Drift Toward War

That is the trend. And it is bound to gain in force and direction. For time is against labor disputes, simply because time is running toward an actual shooting war. Thus, though the coal-mine crisis was the standout event of the week in the headlines, basically, it was, and is, overshadowed by what is taking place in Russia, in the Far East, and the waters of the Atlantic.

Each United States warship that goes down brings this country closer to an outright break with Axis. And the establishment of Iceland last week as a full-

fledged naval base corroborates the point. Iceland is bound to be used increasingly as an American point of contact with Europe—especially if ever an A.E.F. becomes necessary.

Business Moves Sidewise

Meanwhile, the rate of production continues at a high, constant level. For 21 weeks the Business Week Index has held within a three-point range (chart, page 11). This is one of the longest sidewise movements on record. The recent drop in the steel rate, due to scrap shortages, was compensated for by advances in electric power consumption and the "defense component." However, it won't be long before business breaks out of its rut. The steady introduction of new plants into defense operations is bound to provide a lift within the next

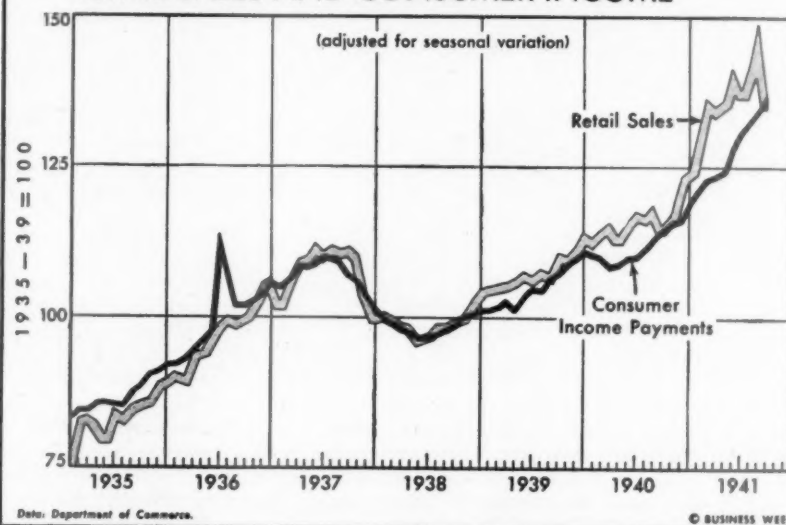
several months. And at the same time, the downward pull of priorities curtailment of durable consumer-goods operations will have spent its force.

Employment continues to advance to new highs. In September, there were 40,065,000 workers in nonagricultural employment, well above any previous peak. The gain over August was 439,000 workers, indicating that increased operations in industry in general, and particularly in shipyards and airplane and other defense plants, succeeded in taking care of priorities unemployment, and then some.

Steel and Other Metals

The employment figures indicate the nature of war's directive over the economy. In the last year, jobs in the durable goods industries rose 31.5%, as against only 12.9% in nondurable goods. And more workers are now employed in durable goods manufacturing—5,478,000—than in nondurable goods—5,222,000. (At the peak of the 1929 boom, the employment in nondurable goods exceeded employment in the durable goods industries.) Inevitably, war creates an economic drift toward heavy goods—

IN THE OUTLOOK:
RETAIL SALES AND CONSUMER INCOME



Characteristically, sales and income move together; but as a rule, when income goes up, sales go up somewhat faster; and when income goes down, sales go down faster. This the Outlook Chart makes clear—sales have outpaced income throughout the defense boom. However, in September sales dropped while income rose. Do

not make the mistake of interpreting that as a signal of a buyers' market. One or two months do not constitute a trend. The government will have to siphon off a much greater proportion of consumer income through taxes and savings bonds than it has done before the retail sales curve is likely to go into a long-term decline (page 92).

meaning steel and metals of all types.

Indeed, construction of armament plants will be the chief sustaining factor in building next year. Residential construction, except in armament areas, will be sharply curtailed. The Supply Priorities and Allocations Board recently estimated that nondefense construction would register a drop of 65% in 1942 from the 1941 level. Even so, 1942 will be a good building year—better than any year from 1930 through 1940.

We are entering a new phase in production. Heretofore, a large part of the increase in arms output has been obtained through utilization of idle plant or the building of new plants. But now, as allocations of critical supplies tighten, metal-working companies will be forced to convert facilities to defense operations. Thus, conversion of plant will become increasingly important as a factor in production; and, in the process, the ratio of civilian goods output to arms output will decline.

Lewis Gets a "No"

More than miners' plea is affected by verdict, for it means that labor's honeymoon is over for duration of emergency.

Fast on the heels of the National Defense Mediation Board's decision, turning down the closed shop for John L. Lewis and his United Mine Workers in the steel companies' owned mines, the Army this week prepared to take over the captive diggings, if the strike signal from Lewis came through on schedule, Nov. 15. One last hope of delaying or preventing that signal lay in the President's call for a Friday conference with Lewis, Murray, and Kennedy of the C.I.O. and the presidents of United States Steel, Bethlehem Steel, and Youngstown Sheet & Tube.

A coal strike might be only one of the grave consequences flowing from the board's decision. The board itself as presently constituted seemed doomed (page 75); new labor policies will have to be worked out; and strikes in national-defense industries will get different treatment. For it was clear when the NDMB announced its recommendations that, as anticipated (BW—Nov. 8 '41, p15), its decision was "not for the captive mine dispute, and not on the facts in that case alone, but for all American industry in the unlimited emergency." The Mediation Board said "no" to John Lewis only in passing. Its answer was intended for a far broader question. The "no" was aimed at Steel Workers Organizing Committee negotiators who are after a closed shop in Little Steel (BW—Sep. 20 '41, p14), at United Auto Workers Union chiefs who want a closed



The 9-to-2 decision of the National Defense Mediation Board turning down John L. Lewis's demand for a closed shop in the captive coal mines

brought resignation from the board of the two C.I.O. chiefs, Thomas Kennedy and Philip Murray (seated together across the table).

shop at General Motors and Chrysler, and in the new tank and aircraft plants, at C.I.O.'s Shipbuilding Union, at the directors of the new C.I.O. drive to unionize the oil industry.

It served notice on all labor leaders to the effect that the honeymoon was over. Unions may continue to recruit members with the help that the Wagner Act provides; they may bargain and even strike for higher wages and improved working conditions; but from now on during the emergency they cannot hope to win a closed-shop contract—either by a strike (if it impedes defense) or by award from any government tribunal.

• **Miners Held High Cards**—It is impossible to conceive of a case coming before NDMB, or any agency which may succeed it, in which a union can offer stronger evidence in support of its union shop demand. Lewis could argue without challenge that he had the men (over 90% of captive mine employees), that a union shop was neither a new nor an unusual thing in the coal industry (100% closed shop in the Appalachian field), and that his organization had enough strength to shut down the industry to back up its demands (witness the earlier strikes). No union will ever marshal more compelling arguments before a government agency. So the conclusion is inescapable that no government agency will again—for the predictable future at least—recommend a union shop, as NDMB did five months ago at Bethlehem Shipbuilding in settling the Pacific Coast Shipbuilders' strike.

Contrariwise, an employer who is party to a closed shop contract cannot expect NDMB to extricate him from it. The captive mine decision has the long-run effect of freezing the closed shop drive—keeping open shops open,

keeping closed shops closed—as the War Labor Board did in 1918.

• **Touching Off Trouble**—The short-run effect of the decision may be a new outbreak of strikes; if so, it will mark the last desperate attempt to win closed shops by a naked show of power. For the strikes will be broken. The Administration is now prepared to "go the limit" in suppressing defense production halts aimed at establishing "union security." Roosevelt and the Mediation Board have come around to the conviction that the Wagner Act provides all the union security a labor organization needs; beyond that, if it cannot serve its members so that they are willing to pay dues for union benefits, a union has no right to expect to live by government fiat. Thus, NDMB will either refuse to intervene in labor disputes involving the closed shop or will, if it becomes involved, reiterate its captive mine decision.

Meanwhile, all the aspiring union leaders in the C.I.O. are once again lined up behind Lewis. His defeat is their defeat. C.I.O. President Philip Murray, who is trying to win a union shop for his steel union, is pushed back into collaboration with John L. Disappointed and frustrated, the new C.I.O. unions are looking for a scapegoat. Lewis has two candidates for the hot seat. They are Roosevelt and Hillman. Roosevelt in a villain's rôle may be a little hard to sell at the forthcoming C.I.O. convention, but Lewis is conceded a chance of getting that convention to go on record demanding Hillman's removal as head of OPM's Labor Division (page 7). His line will be that Hillman, in chorus with the A.F.L., is out to destroy the C.I.O. Pondering the mine decision, the convention may be in a sympathetic listening mood.

How Allocations Will Work

SPAB's answer to problem of how to reserve supplies of scarce materials and parcel them out for consumer goods is indicated in new limitation orders, OPM's industry conferences.

Allocations of all scarce materials, industry by industry, now has been ordered by SPAB—but the order is not a mandate, it is only the statement of a desired and desirable objective.

Don't expect priorities to be swept out over night; they won't be. Don't expect allocations to be the perfect and ideal solution of all our problems right off the bat; they won't be.

● **Idealistic Application**—In pure theory, allocations are lovely. Donald M. Nelson, director of priorities, may be envisioned as weighing up the available supply of all the scarce materials. Then he tabulates all demands essential to production for defense and public welfare. He deflates these by the amount that the Army and Navy have overestimated their actual, immediate requirements, and he subtracts this deflated total from the available supply. All that's left over he then parcels out—industry by industry and company by company—so that everybody knows, on defense and civilian production alike, how much of everything he gets in any stipulated period.

This implies careful calculation of just what percentage of capacity each industry might devote to its ordinary civilian output. It would rule out an allocation of 70% of steel requirements to any industry while at the same time making available none of the equally vital copper. It contemplates that Washington would say to the farm implement industry, "We hereby limit you to 80% of your output in the specified base period, and over here in this pile we have the materials for you and your suppliers to guarantee you that production."

● **Complications Arise**—So much for theory. Nobody knows what it would be in practice. True, allocation has been in full-fledged operation in certain lines for many months—but usually in lines where civilian supply has been cut off completely. In aluminum, for example, where there has been until recently only one producer and where there are only a handful of eligible users (notably the makers of military aircraft), it has been quite simple to ration the available supply. But when you come to an industry that caters dominantly to civilian users, and where there are hundreds of manufacturers and their thousands of parts makers, all using several of the scarce materials, the problem obviously is vastly more complicated.

Regardless of complications, though, SPAB and OPM are determined to supplant priorities with allocations so far

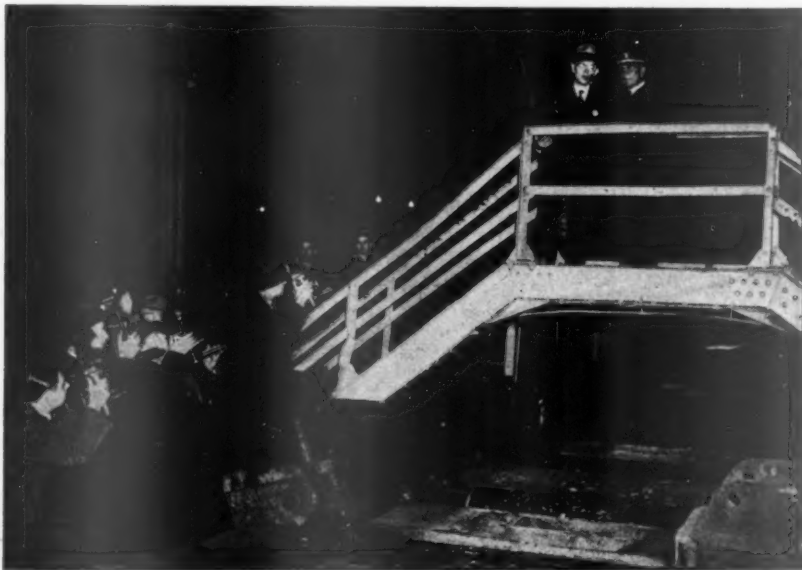
as possible and as rapidly as possible, considering the difficulties. One priority has bred another until there has been created an "inflation" that's just about as bad as having none at all. Moreover, the paperwork has threatened frequently to bog the whole system down.

● **Won't Make More Supplies**—Allocation is no cure for shortage of materials. All-important, however, is the principle laid down by SPAB that essential industries shall be assured minimum quantities of needed materials to meet limited operating schedules. This is not, at present, a guarantee. It's no more than a pious hope, but OPM's intention, when it cuts the production of an industry or a manufacturer, is to try to furnish enough materials to make the number of articles recognized in the limitation order as essential.

● **Going Slow**—The allocation plan will be applied step by step. It may affect one industry or even a single manufacturer at a time, or it may involve the rationing of the whole supply of steel rather than allocating to an industry all of everything it is to be allotted. OPM is now working on allocation of steel. But it doesn't have to wait until all needs are figured before rationing one, as shown by this week's order limiting the amount of steel to be used in production of metal office furniture and equipment (page 16).

The office furniture order is designed to reduce the industry's use of steel from 300,000 to 200,000 tons a year. It does not, however, say the industry may produce so many desks and so many filing cabinets and so many safes. It says rather that the weight of steel in finished products shall not exceed a certain percentage of that used in the twelve months ended June 30. Here, then, is a limitation order based on intake rather than output.

● **In the Works**—The initial step toward allocation is Mr. Nelson's request to OPM for detailed production programs for 1942, industry by industry, with am-



THE NAVY SPEAKS

Workers in Carnegie-Illinois Steel Corp.'s Gary Works—world's largest—were one of three Gary groups addressed last Monday by a Navy party headed by Admiral William H. Standley, freshly returned from Moscow (above, with S. M. Jenks, general superintendent of the Gary Works). The Navy requested a comprehensive display of war equipment so workmen could see that the steel they produce is being made into weapons of war, and that this is no time for fooling.

The Navy Department is frankly out of patience with such anchor-dragging as the Steel Workers Union has recently forced at Gary in its zeal to win a union shop (BW—Oct. 25 '41, p. 56) and is starting its own campaign by going over the heads of union officers to juice up the workers in vital industries to high-voltage production fervor. If the Gary tryout gets results, look for more, bigger, tenser rallies to fill munitions workers throughout the U. S. with a sense of the patriotic importance of doing their job well—and of cutting out the monkey business.

Those Important "P" Orders

Don't lose sight of the ball. Allocations are coming but priorities are still here. The "B" ratings for civilian production—virtually useless anyhow—will quickly vanish, but the "A" ratings for defense and semi-defense output will remain in all but

a few lines for a long time. Hence the blanket ratings, or "P" orders, remain very important. Here's the list, what they cover, and the branch of the OPM (New Social Security Building, Washington) to write to for information on them:

Order Number	Products Covered	Branch
P-3, P-4, P-9-a to P-9-f, and P-13	Military aircraft	Aircraft
P-5-b	Cranes and hoisting equipment (for defense uses)	Tools
P-6	Defense supplies (off-the-shelf) rating plan	Defense Supplies
P-6-a (as amended on Oct. 27)	Civil aircraft repair parts and accessories	Aircraft
P-7	Merchant ships	Shipbuilding
P-8	Freight cars	Automotive, Transportation, and Farm Equipment
P-11-a	Metal working equipment	Tools
P-12	Aluminum scrap	Aluminum and Magnesium
P-14-a & P-14-b	Material and equipment for construction of shipways	Shipbuilding
P-15	Electrical relays and solenoid assemblies	Power
P-16	Radio receiving, transmitting, and directional equipment	Electric Appliances and Consumer Durable Goods
P-18-a	Material for producing cutting tools	Tools
P-19, P-19-a, P-19-b, P-19-c	Defense Project Rating Plan Material for highway projects	Project (Contractors should go to state highway commissions which, in turn, submit approved projects to Public Roads Administration)
P-20	Specified types of locomotives	Automotive, Transportation, and Farm Equipment
P-21	Repairing and rebuilding locomotives	Automotive, Transportation, and Farm Equipment
P-22	Repairs, maintenance, and certain operating supplies (for almost all types of operations except retailing)	Repair and Maintenance
P-23	Specified mining machinery and equipment	Handled through state coordinators of mines with Priorities Coordinator of Mines in OPM
P-24	Material for experimental research	Health Supplies and Fire Fighting Equipment
P-25 to P-25-d	Material for producing light tanks	Ordnance
P-26 to P-26-d	Material for producing medium tanks	Ordnance
P-29	Health supplies rating plan	Health Supplies and Fire Fighting Equipment
P-31	Foundry equipment and repairs	Iron and Steel
P-32	Repair parts for farm machinery	Automotive, Transportation, and Farm Equipment
P-33	Farm machinery (new)	Automotive, Transportation, and Farm Equipment
P-39	Welding equipment	Tools
P-40	Industrial lift trucks	Tools
P-43	Research laboratory supplies and equipment	Health Supplies and Fire Fighting Equipment
P-45	Fire-fighting apparatus (for defense uses)	Health Supplies and Fire Fighting Equipment
P-46	Maintenance, supplies and repairs for utilities	Power
P-47	Maintenance and repair of air transport facilities	Aircraft
P-52	Aircraft accessories	Aircraft
P-53	Parts for maintenance and repair of textile machinery	Industrial and Office Machinery
P-54	Specified types of trucks, trailers and passenger carriers	Automotive, Transportation, and Farm Equipment
P-55	Defense Housing Rating Plan	Defense Housing Section
P-56	Maintenance, supply, and repair of mines	Priorities Coordinator of Mines
P-57	Replacement parts for passenger cars and light trucks	Automotive, Transportation, and Farm Equipment
P-58	Supplies for specified South American mines	Copper-Zinc
P-61	Scrap copper for certain ingot makers and remelters	Copper-Zinc
P-68	Repair and maintenance supplies for iron and steel mills	Iron and Steel

ple information on probable month-by-month requirements for military, industrial, and civilian items, and for essential public services. The industrial branches of OPM that handle end products are to confer with the appropriate Industrial Advisory Committee on each product. The production information obtained is to be checked with the Army, Navy, and lease-lend authorities for any possible conflict. Then the industrial branches handling end products will take the programs up with the industrial branches controlling raw materials. Their joint findings will be passed up to SPAB and, if approved, will be transmitted to the Priorities Division of OPM with instructions to issue the indicated limitation order and to make every effort to give the industry an intake of raw materials corresponding to the operating schedule as limited.

It remains obvious that priorities will continue a major item in business figuring until the allocation system grows to cover most of industry. The AA to A-10 ratings issued for defense will continue to be mandatory. The blanket ratings, or "P" orders, will continue in force until suspended. And the company receiving a "semi-defense" order will continue to apply to the Priorities Division on a PD-1 form for the materials needed to fill the contract.

• **Separate Allocations**—When priorities are supplanted by limitation-allocation orders—and industry is warned that this will take some time—the essential civilian output permitted will apparently be added onto direct defense production rather than the two types being lumped within the limitation.

Limiting the Input

Not output, but amount of scarce material used now becomes determining factor. Products are reclassified.

New styles in limitation of production of consumers' durable goods are unveiled in this week's OPM order slashing production of metal office furniture and equipment. There are precedents here that command the attention of all manufacturers who need scarce materials to turn out goods for civilian use. The most sweeping innovation is the new method of limiting input instead of output. Heretofore, OPM has told various industries that they could turn out a certain number of automobiles or washing machines or refrigerators. This time it tells the office equipment people how much steel may be contained in their total production.

• **Source Immaterial**—This freezes competition, quantitatively, stiffer than a board. The order states specifically that



NEWS IN THE AIR

Four continents and the islands of the South Pacific figured in Clipper news this week. On Monday, Pan American Airways' 42-ton Capetown Clipper (left), took off from New York on its proving flight over the new air route to Leopoldville, Belgian Congo, which

will be ready for regular service next month. Also on Monday the Fiji Islands, now a British defense outpost in the South Pacific, was made a regular stop on Pan American's year-old San Francisco-New Zealand service. On Wednesday, American Export Airlines gave a press preview of the three giant planes being built at Stratford,

Conn., for non-stop transatlantic service between New York and Lisbon, starting next year. Though refused a mail contract by Washington, A.E.A. is going ahead with passenger service because of the rush of business. Its flying boats will accommodate 40 passengers for daytime flying, or 16 with sleeping accommodations.

it makes no difference whether the steel comes out of inventory or whether you go out and buy it. The weight of the steel in the finished product is the determining factor. Your one chance is to find substitute materials, notably wood.

And, even after limiting input of steel, OPM isn't guaranteeing that any such amount will be available. This order sets a maximum; it doesn't in any sense give office equipment an allocation, although it presumably entitles the industry to kindly treatment.

• **New Categories**—Another interesting feature of the order is the way it draws the line between types of products and sizes of producers. It sets up three product categories which might be labeled semidefense, essential civilian, and nonessential. And it sets up three classifications of producers—those using more than 12,000 tons of steel in the 12 months ended June 30, those using from 3,000 to 12,000 tons, and those using less than 3,000.

Then, in weighing the depth of the cut in production, OPM considers the product group against the size of the producer. Thus the larger companies making a product which falls in the nonessential group must cut 60% while a small producer making the same product needs to curtail by only 40%.

• **Adjustments**—The manufacturer turning out more than one product may adjust the permissible amounts of steel used rather than hold strictly to the limitation on all products. This loophole, however, is surrounded by very precise restrictions.

Autos to Tanks

Motor industry's latest job is to make itself chief source of "mediums." "Single facility" idea is definitely ruled out.

The automobile industry, already producing military vehicles and already playing a key rôle in military aviation as a result of its injection into the bomber program last year, seems slated now to be also the nation's main source of tanks. This became clear with last week's announcement of (1) plans for expanding the Chrysler tank arsenal, (2) arrangements for a \$25,782,000 General Motors tank arsenal at Flint, and (3) announcement of what may become a \$39,000,000 Ford tank project (BW—Nov. 8'41, p8).

Nobody knows how big the auto-tank program will be in the end. The production goal is now set at 2,000 medium tanks a month for the three big auto companies. Detroit expects the figure to be raised to 2,500 shortly. Significantly, however, the facilities for producing such materials as armor steel casting and steel armor plate for the tanks are being set up on the basis of 3,000 medium tanks a month.

Figures like these suggest that Detroit will be accounting for at least two-thirds of medium-tank production, and the medium tanks—tonnagewise and numerically—are expected to account

for the greater part of the tank program. Other producers of medium tanks include American Locomotive, Baldwin Locomotive, Lima Locomotive, and the Pullman Co.

Current prospects are that the General Motors and Ford tank programs and the Chrysler expansion program will not reach the initial production stage much ahead of next summer, and that auto company production of 2,000 tanks a month cannot be attained before the end of 1942.

Employment on production of various types of tanks is conservatively estimated at 50,000 in the plants of the prime contractors alone. Additional auto workers may actually be concerned with tank production if present experiments with the use of stock passenger-car motors instead of aviation motors as tank power plants prove successful.

• **General Motors**—General Motors is to be the largest producer of tanks, according to the present outlook, but the pendulum may swing back to Chrysler. G.M.'s tank production will center at Flint, with operations to be conducted at Buick, Fisher Body Plant No. 1 and a new 500,000 sq. ft. plant to be built and operated by Fisher under the \$25,782,000 allotment by the Defense Plant Corp.

Fifteen thousand of the 45,000 G.M. workers at Flint will be employed in the production of 30-ton (medium) and 60-ton (heavy) tanks. Cadillac will build a new 14-ton tank in smaller quantities at Detroit. This newcomer to the tank world is reputed to have deadly fire

power, unusual mobility and to be powered with two Cadillac engines driving through an adaptation of the Hydra-Matic transmission.

● **Chrysler**—Last week Chrysler received \$18,875,000 to enlarge capacity for the production of medium tanks at the Detroit Tank Arsenal. The present 1,382 x 500 ft. structure will be extended 480 ft. to provide additional machining facilities and an experimental department.


Other machining lines are being set up in Dodge and DeSoto for tank parts. Plymouth earlier became a feeder plant for parts. These moves by Chrysler will more than double the capacity of the arsenal. The company is already 50% ahead of schedule on the original program, and tanks have been rolling off the assembly lines since August.

● **Ford**—If the entire Ford proposal goes through, and there is no reason to ex-

pect that it will not, the \$39,000,000 will be spent to equip the Rouge plant for machining components of M-4 tanks, to convert a rolling mill to production of armor plate, to expand the new steel foundry to make armor steel castings, and to set up four assembly lines at the Highland Park plant. The Ford program calls for making 400 of the medium tanks monthly and supplying parts to other manufacturers. A high official of the Ford Motor Co. stated that manufacture of 60-ton tanks has never been discussed with the company by government officials.

Besides the \$39,000,000 needed to carry out procurement of all suggested facilities, between \$6,000,000 and \$7,000,000 would be spent for tooling.

● **No "Single Facility"**—While there will be a degree of cooperation among the auto firms in respect to supplying parts to one another, there is no intention of setting up a single facility to handle the production of a given portion of the work. This single-facility program, advocated by the U.A.W.-C.I.O., has definitely been ruled out to prevent a shut-down of the tank industry through sabotage, strikes, or breakdowns.

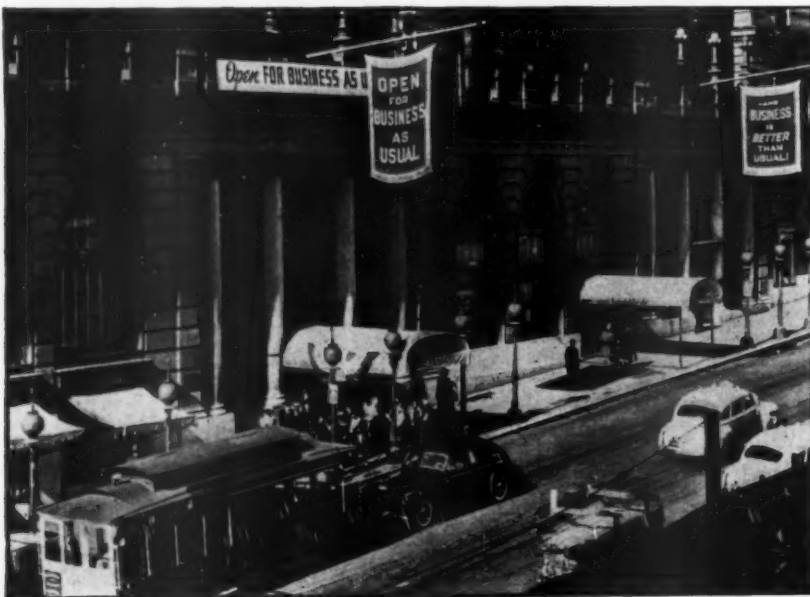


WE THANK YOU

The fact that you climbed our picket fence to patronize us is deeply appreciated. We hope we may count on your further support of our stand against very unreasonable demands.

HOTEL ST. FRANCIS
Don E. London, Manager

Like ten other hotels in San Francisco, where A.F.L. hotel unions are striking for a closed shop, the St. Francis was advertising "business as usual" last week—despite a picket line out front. In addition, the St. Francis was passing out cards (left) to departing guests, thanking them for crossing the picket line. The Sir Francis Drake Hotel, however, made the first major break in the local employers' "united-front-for-collective-bargaining" policy, and signed up with the union.



Boss Union Nicked

First outright break in San Francisco's united front comes when hotel owned by outsider signs up with A.F.L. unions.

Some 1500 San Francisco employers converged angrily on the Commercial Club one afternoon last week to attend a mass meeting called by the San Francisco Employers Council. Their purpose was to protest signing of a contract between the Sir Francis Drake Hotel, owned by C. N. Hilton of Texas, with the A.F.L. union crafts now conducting a strike against 11 of the 26 hotels owned by members of the Hotel Employers Association, which in turn is affiliated with the city-wide employers' group. Early this week the irate association filed suit against the hotel for \$200,000 damages, claiming existence of an agreement among association members to share losses sustained by picketed hotels.

Reason for the very evident anger of the business leaders was that the "Drake deal" represents the first break by any major enterprise in the city from the "united-front-for-collective-bargaining" policy to which a large majority of San Francisco business men have been committed since organization of the pioneer "boss union" a couple of years ago (Report to Executives, BW—Oct. 26 '40, p. 39-46). The fact that the break was made by an employer who is not a resident of the city, although he owns a business enterprise there, added strength to the emotional eruption which followed announcement of the contract.

● **Chipped But Not Broken**—The council and its affiliated groups have weathered several serious strikes and at times the united front has weakened dangerously but never before has there occurred an outright break in the ranks.

And so the employers who attended the council's mass meeting buzzed like angry bees in the intervals between explanatory talks by Almon E. Roth, president of the council; Frank Foisie, veteran president of the Waterfront Employers Association, the forerunner of all "boss unions"; and Gregory Harrison, tall, gaunt attorney for the hotel association; Joseph D. Sullivan, the hotel association's executive secretary; Russell Carpenter, director of the San Francisco Retailers' Council; and James K. Blaisdell, president of the Association of San Francisco Distributors. All of these men represent powerful groups within the Employers' Council framework.

● **Unanimous Resolution**—The immediate result of the meeting was a resolution, which was passed unanimously, "condemning and deploring the action of the Sir Francis Drake Hotel in repudi-

"Unforeseen events . . . need not change and shape the course of man's affairs"



EVERY MAN HAS A PAST

A man's inward self is a mystery...even to himself.

How then is an *employer* to know a man? Not by his face . . . nor by his promises. Only in a man's *past* is there a clue to his future.

But these are busy days for management, and assembling the complete record of every person on a growing payroll is a time-consuming distraction.

During these times—when payrolls grow rapidly—losses from dishonesty among employees are more

frequent. Time and again the result is bankruptcy.

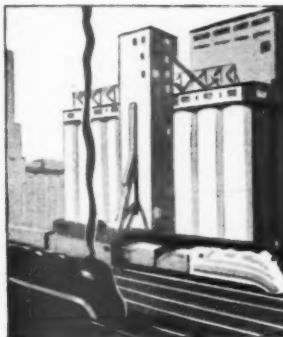
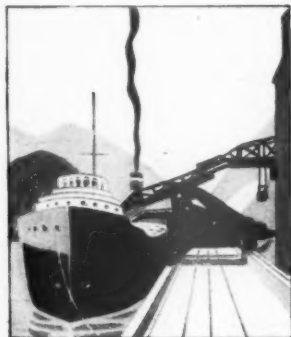
For protection from loss at the hands of *any* employee, the employer turns to a fidelity bond written by a surety company like The Maryland...knowing that before the bond is furnished The Maryland investigates every employee's past record.

This bond is available in many forms. A Maryland representative will be glad to tell you which is best for you. Maryland Casualty Company, Baltimore.

THE MARYLAND

Practically every form of Casualty Insurance and Surety Bond, for business, industry and the home, through 10,000 agents and brokers.

Busin



BEFORE YOU CONTRACT *for Business Insurance—*

When you put your signature to the usual business contract, you know what you are signing. If it's an important corporation matter, every clause has been scrutinized and approved by your own attorneys.

When you contract for business insurance, you have an equal opportunity to take similar precautions. Without any extra expense for counsel fees, you can have your entire insurance program planned and bought for you by an experienced, independent buyer.

This is the role of the insurance broker. He represents *you*—buys solely for your interests in the open market. With his specialized experience, he examines every clause of your insurance contracts—a complicated and technical task.

And he not only knows what they mean; he also knows how they can be modified to fit your particular situation.

Johnson & Higgins act as insurance brokers for substantial firms and corporations—buy business insurance for them from one company or from many companies—exactly as each individual case demands. Their compensation is not an extra fee from clients, but a brokerage paid by the insurance companies.

If you would like to know more about the practical benefits of insurance brokerage—Johnson & Higgins will welcome your inquiry.

* * *

The best brokerage service is yours to command—at no additional cost.

JOHNSON & HIGGINS

Established 1845

INSURANCE BROKERS

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Buyers of Insurance for Commerce and Industry

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LOS ANGELES

MONTREAL

VANCOUVER

WINNIPEG



In the First Army maneuvers in the Carolinas last week, the 109th Infantry wouldn't have been able to advance through a cornfield with drawn

bayonets, to capture enemy parachute troops who had landed behind their lines, unless the Army had got the consent of 35,019 property owners in

the area before launching maneuvers. Cotton and corn crops in the area were poor this year, so claims for damages aren't expected to run very high.

Business and the Maneuvers

War games' harvest of dollars for retailers in Carolinas is overshadowed by Army's own operations on economic front, which involve everything from real estate to trainloads of ice cream.

On last Monday morning the governor of North Carolina might well have remarked to the governor of South Carolina, "It's a long time between invasions and one sort of makes up for the other."

The marchers of General William T. (War-is-hell) Sherman burned mansions and corn cribs, stole silver spoons and shooed slaves off the plantations when they swept across the Carolinas in 1865. But last week-end, the First Army of Lieutenant General Hugh Drum, maneuvering in Carolina areas once ravaged by Sherman, made up for some of the damage.

The month-end was pay day for First Army soldiers. About \$14,000,000 was handed out in folding money, hard cash, or commissioned officers' checks. Post offices and telegraph stations in the region were swamped with money being sent home. Enough remained in khaki pockets to strain the business resources of the community. Retailers were too busy to bother about anything but handing out goods and punching cash registers. But a few old timers saw historic justice in the fact that 300,000 out of the 360,000 uniformed spenders were from "up North." This cloudburst of dollars wasn't needed as a good-will lu-

bricant between troops and civilians. A month of war games has produced no serious friction. Principal reason for this is the planning job done by the Army and local authorities long before the tanks and trucks moved in. An outstanding feat was enlisting property owners for the use of land to be chewed up, blasted, and tramped down by the contending corps. Preliminary reconnoitering on this front must have brought qualms to the stoutest military bosoms.

Gen. Drum looked over the area last March, decided it was ideal for the purpose. It consisted of some 7,000 square miles lying across the N. C.-S. C. line—comprising eight counties in each state. There were no big towns inside to ball up the battle problems but there were big towns (Charlotte, Raleigh, Wilmington, Columbia, and others) within economic range. Many of them would come in handy as supply and recreation centers. The ground was mostly sand which soaks up rain and furnishes ideal footing, there were pine woods for bivouac shelter and a strategical cover, the terrain was provocatively hilly, there were sizable rivers to contend with, the climate was mild.

• **Getting Permission**—Some 26½% of the land was under cultivation. And 5-

440,000 acres were privately owned. The problem was to get the consent of 35,019 land owners to the use of their property by the First Army. Moreover, the owners were to get no pay, except \$1 an acre on land used for bivouacs.

The campaign was opened with proclamations by Gov. Len Broughton of North Carolina and Gov. Burnet Maybank of South Carolina, calling on farmers and citizens to allow use of their lands as a patriotic duty. Then the council of defense in each state organized county groups. Every county had a civilian director; an officer of the Army's rents and claims department was assigned to work with him. School principals were enlisted and all over the area farmers were invited to attend meetings at which the sign-up campaign would be explained.

• **Farmers Are Wary**—Objections and questions raised at these gatherings showed officials the real magnitude of their jobs. One farmer said, "I seen one of them tanks in a movie. Ran right through a building. I can't afford to have such things knocking down my barns and pig pens." Another had heard his pappy say that during the Civil War "soldiers stole chickens, hawks, horses and anything else they could lay hands on." Most general complaint was they didn't want their cotton crops, peach orchards and young pines destroyed.

After much haranguing and explaining, forms were mailed to property owners front lists made up by the Agricultural Adjustment Administration and tax officials. The wording was simplified in four lines which "invited" the U. S.

Uncle Sam's Bread Basket Filled to the Brim



LAST summer the railroads were faced with what might easily have been called an impossible task. With a near-record wheat crop ripening in the field, the elevators were still jammed with the biggest carry-over in history. And, as everybody knew, the railroads had their hands full already with a mountainous pile of defense assignments.

But the railroads refused to call it impossible. They laid their plans to do the job.

Before the first wheat was cut, the railroads had started moving

old wheat out of grain-belt elevators. Altogether more than 75,000,000 bushels were shifted to more distant points. And while the loaded cars were rolling out, a reserve army of 30,000 cars was being mobilized in the wheat belt, ready to handle the new harvest.

Result? The railroads were able

SEE AMERICA BY RAILROAD
— SPECIAL RATES FOR
GRAND CIRCLE TOURS . . .
Ask your local ticket agent!

to move every bushel for which storage space could be found! They could have moved more if there had been any place to take it, but with elevators filled to the brim, the wheat still remaining on the farms can be moved only as fast as consumption and export make space available.

This is just one example in many of how the American railroads work together to do a job — in cooperation with shippers, agricultural representatives and government agencies. And it's also a good example of how they get the job done!

ASSOCIATION OF AMERICAN RAILROADS, WASHINGTON, D. C.

Army to maneuver and bivouac during October and November but bound the government to pay for any damage. Original contracts were called by the Army name of "trespass agreements." If there is anything a farmer hates it is the word or act of trespass. Name of the form was changed to "maneuver agreements."

• **Difficulties Overcome**—Difficulties were encountered in getting signatures from thousands of owners living at distant points. And there was the usual percentage who were just plain bull-headed but by the official June 15 deadline 96½% of all the needed land in South Carolina was safely in the bag, and nearly as much in North Carolina. Some of the holdouts were brought around by flattering visits from stately Army officers. Another and simpler device was that of declaring "in" all property owners who didn't announce their noncompliance. Irreconcilables had their places marked "off limits" which prohibits their use for maneuvers. (General out-of-bounds rules protect cemeteries, churches, orchards, houses and yards, gardens, chicken coops.)

The county maneuver directors will

remain on the job with their satellite lieutenants until the maneuvers (extending from Oct. 6 to Nov. 30) are finished. Cotton and corn crops in the area were poor because of drought and insects, so claims for damage can't run very high. There has been complaint that tanks and trucks have packed down tillable fields but owners have been assured that Uncle Sam will make them right. Actually any fences or buildings replaced by the Army probably will be better than the originals.

• **Claims to Be Examined**—Farmers won't be allowed to put down whatever damages they think they can get. The directors will examine all claims and must O.K. damage amounts which are to be founded on going local values. Directors say the claimant won't be given any run-around or red tape. It is asserted that claims will be paid within two weeks after acceptance, from a fund already allocated by the Army.

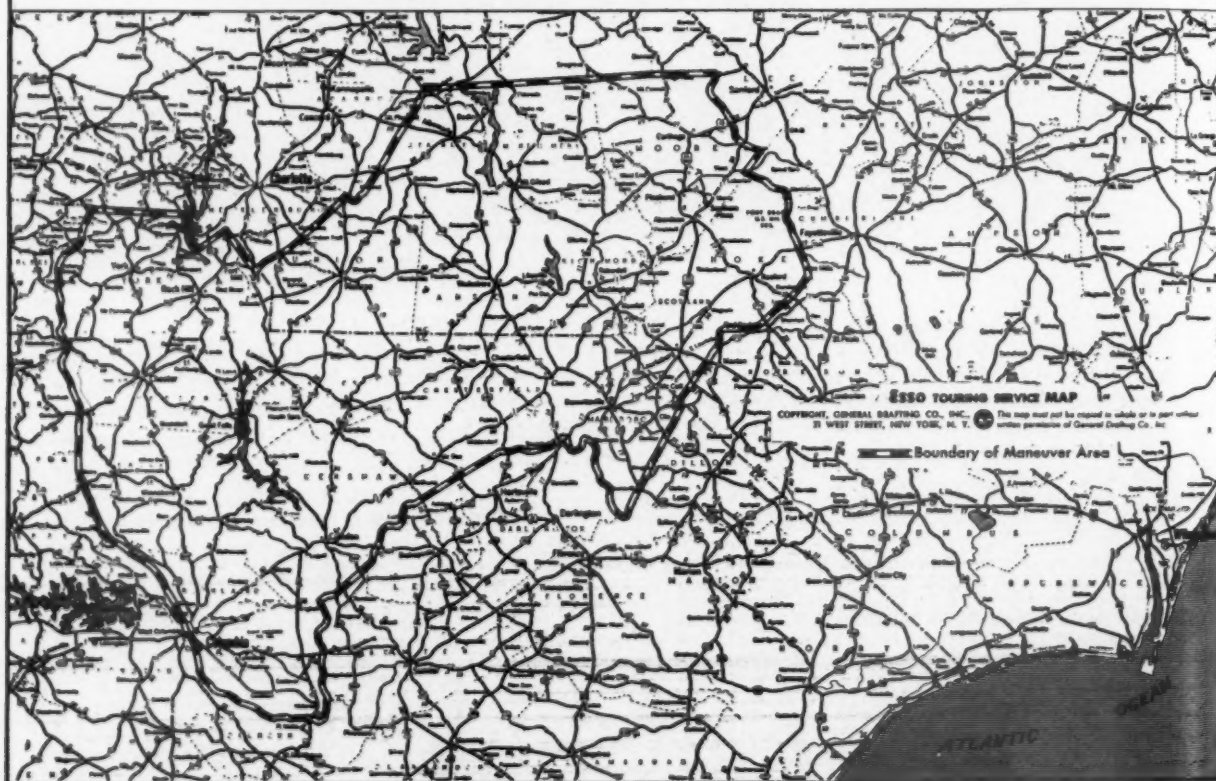
Timber land owners are even more vitally interested than the farmers in the outcome. From months of rainless weather, the Carolina pine woods have been getting progressively drier. In this

almost explosive state, the woods were suddenly invaded by 360,000 youthful outsiders. Many of these are city boys whose practice in civil life was to cast aside matches used for lighting cigarettes without bothering to see where they landed. The Army has done so well in correcting this habit that more than a month's maneuvers have resulted in no fires of consequence. In bivouacs, men must put burned match stems in the metal garbage cans. In moving through the woods, they must dig a hole in the sand, bury the match stem therein, cover it and press it down with the foot.

Bivouac sites in the woods were picked by Army officers from preliminary surveys. In checking transport routes, the Engineer Corps made complete maps and examined all bridges. These records will be used to verify any claims by state or local authorities for damage to roads. Bridges must be repaired and roads put back in shape by the government (local owners of gravel pits have agreed to furnish materials free for county routes).

• **Warehouse Space**—Biggest of all planning jobs naturally fell to the Quarter-

CAROLINA MANEUVER AREA—OCT. 6-NOV. 30, 1941



The map of the First Army maneuver area passed out by the Army's public relations office on the spot is part of a Standard Oil Co. of N. J. touring map. Regulation road maps are popu-

lar with military drivers. A few days after the Army moved into the region they had swept the gasoline service stations clean of maps—though they didn't buy any gasoline. The area takes

in eight counties in North Carolina and eight in South Carolina. At the peak of the battles this month, there will be over 400,000 soldiers in action—doubling the area's population.

TODAY, business risks change daily!

Is your INSURANCE keeping pace?

IN THIS national emergency, business conditions are changing so fast that insurance which was adequate, when you took it out, *may be dangerously inadequate today*—and insurance which provided correct coverage *last week* may need revision *now*. How can you—with all your other worries and responsibilities—avoid this very real danger?

Get expert advice

Call Western Union or Canadian National Telegraphs and ask for the name and address of the nearest Hartford agent. You'll find that, as a local man, he knows your local conditions and problems intimately—is genuinely interested in helping you protect your business. Like the thousands of other Hartford representatives who are located in all 48 states, Hawaii and Canada, he is trained to give you the benefits of the NEW way of buying insurance.

What is the NEW way?

The NEW way starts with an expert analysis of all your risks—puts especial emphasis on protecting you against possible *large* losses. On the basis of this survey, your Hartford man builds a tailor-made insurance plan to fit your exact needs today. And he'll keep checking it intelligently to make sure that your coverage keeps pace with changing risks in future.

It's time to act now!

Now, more than ever before, expertly planned insurance protection is vital to the safety of every business. Don't trust to chance that your present coverage is adequate. A survey that tells you the whole truth will cost you nothing—it may save you thousands of dollars in losses.

Call in your Hartford agent today—or talk things over with your own insurance broker.

A FEW POINTS TO CONSIDER:

1. Have you made any additions or alterations to the property?
2. Purchased or leased additional land?
3. Made any changes in heating or power systems?
4. Have the number and value of dies, patents or leases increased?
5. Have you raw materials, finished goods, or leased machinery belonging to others on your premises?
6. Have any changes been made in number of watchmen or in their methods of operation?
7. Have you assumed any liability for damages under contracts, leases, hold-harmless agreements?
8. Leased any space to others?
9. Installed new elevators?
10. Are you hiring more trucks?
11. Are you loaning or renting any motive equipment to others?
12. Have you changed your method of paying workers?
13. Have organization changes increased your exposure to dishonesty losses?
14. Have you any unusual machinery that would be difficult to replace?

Are you sure you're covered?



Hartford Fire Insurance Company

Hartford Accident and Indemnity Company

HARTFORD, CONNECTICUT

THE TWO HARTFORDS WRITE PRACTICALLY EVERY FORM OF INSURANCE EXCEPT LIFE



A month of war games in the South hasn't produced any serious friction between soldiers and civilians. In

Rockingham, N. C., the citizens have even set up an information booth for soldiers coming in on week-ends.

master Corps, which furnishes and transports everything the soldier uses except his gun and ammunition. At Wilmington, N. C., the Q.M.C. paid the Seaboard Airline Railway \$8,215 for four warehouses containing 100,000 sq. ft. as a rental for the maneuver period. This space supplements warehouses at regular camps and base depots.

The fact that the Q.M.C. buys direct from manufacturers or from the primary food markets usually blocks the local supplier from selling to the Army. Dairies in the Carolina maneuver area, aren't marketing fresh milk with the First Army Q.M.C. because (a) the dairies haven't been Army-inspected and (b) they couldn't make a dent in Army demand after supplying their regular customers. Camp coffee is seasoned with "canned cow." However, the soldier's appetite for ice cream is so voracious that local dairies get in on the business.

• **Record-Breakers**—Local ice cream makers supplement such colossal orders as that placed with a Baltimore firm on Sept. 4. It called for 6,400,000 portions, said to be the biggest contract in the history of the industry. Nineteen carloads of dry ice will be needed to keep the specially-blanketed cars at 16 below zero between Baltimore and the railhead at Hamlet, S. C. Delivery will require 38 freight cars. From the railhead to bivouacs, transport will be by refrigerator trucks. The soldier gets ice cream for dessert three times a week.

All such orders must be arranged for prior to the arrival of the troops in camp. The same goes for ice, for cooling drinks, preserving meats and vegetables. Before the Red and Blue armies locked

horns, the Q.M.C. moved into the maneuver area and signed all available ice production of 10 cities and small towns.

• **Laundry Business**—Similarly, laundries get an overflow business which has to be arranged in advance. Motorized laundries are far too few to keep the soldier's clothes clean and there usually are insufficient camp facilities for his own elbow grease. For a small fee, he

sends his dirty linen "out." Laundries as far away as Chattanooga and Atlanta get in on the maneuver business.

To wash clothes or dishes and to supplement the white-gasoline stoves used for cooking food, the Q.M.C. had to buy 12,331 cords of wood, for which it paid \$6 to \$7 a cord.

Thousands of smaller details must be arranged in advance before the troops move into a maneuver area. The United Service Organizations set up local committees to cooperate with USO personnel and Army morale officers in furnishing soldiers showers, writing paper, towels, games, sleeping quarters, dancing partners and such like necessities for week ends. Staffs of these supplementary outfits spend money in hotels and restaurants, rent vacant stores for stocks.

• **Real Estate Angle**—In many towns, real estate got a temporary lift. At Camden, S. C., the First Army public relations force took over the swank 170-room Kirkwood Hotel, not yet open for the winter. And in Monroe, N. C., the central Army office regulating the maneuvers rented (for \$150 a month) the golf club house, where the main hall provided good high walls for military maps. Monroe was picked because it is central to the area. Gen. Drum took a house in Monroe—an unimposing bungalow which local gossip says rents at \$50 a month. The general was offered larger quarters, a mansion realtors considered more fitting to his rank. But he said, "No." It seems he didn't want such an establishment because it would generate sociability. The general said he was in the Carolinas to work.



The problem of feeding the Army during maneuvers is solved by shipping provisions to rail heads some 25 miles from the Division areas, and trucking them in. A truck head is

then established (above—a day's food supply for the 31st Division) and the food is distributed to the various units of the Division, who call for their supply in their own trucks.

evidence . . .

"To eliminate Teletalk from the scheme of things here would be as drastic as a shift of plant operation to the horse and buggy days."

Federal Products Corporation, Providence, R. I.

"The Teletalk system is saving the company \$2.50 per hour."

Weil-McLain Company, Chicago, Ill.

"Teletalk has enabled us to arrange inter-department conferences without the individuals leaving their offices."

Logansport Machine, Inc., Logansport, Indiana

"We have found Teletalk to be an indispensable means of instant intercommunication."

Beech Aircraft Corporation, Wichita, Kansas

"We selected Teletalk because of its appearance and simplicity of operation."

Pioneer Engineering & Mfg. Co., Detroit, Michigan

"We can contact individuals faster by using Teletalk than by any other means of communication."

Republic Brass Co., Cleveland, Ohio

"Teletalk is one of the few installations of equipment that has done everything expected of it."

Continental Car-Na-Var Corporation, Brazil, Indiana

This is Teletalk Model 512-A

Statements such as these are found to be consistent in all the reports we receive from the field as to user's satisfaction with the Teletalk.

Lack of speed...better coordination of individual effort...time-saving...step-saving...energy-saving...freeing switchboards of wasteful inter-office calls...All these are faults in the conduct of high-speed business today.

Teletalk corrects these faults.

Evidence that Teletalk is the preferred system of amplified intercommunication continues to pile up. If your business is suffering from the things that cause delays and loss of time, you should investigate the application of Teletalk to your particular problem.

Teletalk is beautifully designed. Its frequency range handles the human voice with true tone fidelity. A Teletalk system is not expensive, either to purchase or install and it costs virtually nothing to operate, yet it saves in a hundred ways.

Consult your local classified telephone directory for the name of the Teletalk distributor or dealer who is nearest you. He will survey your requirements and make recommendations accordingly. In the meantime, if you wish to secure a Teletalk catalog or any specific information, don't hesitate to write.

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LITVINOV—HE CAPITALIZES A FAILURE

There was a stir in Washington last week when the Soviet Union named Maxim Litvinov Ambassador to the United States. Though for some unknown reason he has never been a member of the Politburo—the small inner cabinet of Communist Party members which rules the Soviet Union—Litvinov for nine critical years before the war was Moscow's Foreign Commissar, and represented his country at every major international conference from 1919 to 1939. Europe knows him as one of the world's ablest diplomats. But it is his greatest diplomatic failure that makes him especially acceptable to Washington just now.

After working for many years in almost complete diplomatic isolation, Litvinov finally persuaded Stalin that the Soviet Union should cooperate with other nations in international affairs. He next sold the League of Nations on accepting Russia as a member, and then set out to build up a series of non-aggression pacts with neighboring countries.

It was Litvinov as much as any other diplomat who maneuvered the League into the imposition of sanctions against Italy when Mussolini started his attack on Ethiopia. Sanctions failed, and the responsibility for their breakdown has been laid largely at the door of Great Britain and the United States. Despite this defeat, Litvinov next tried to win support for the anti-Fascist government in Spain. Again Britain and the United States—and France, too—have been blamed for the collapse of that maneuver.

Knowing that Europe was headed for war, Litvinov negotiated a mutual-assistance pact with Czechoslovakia, and a loose pact with Paris for mutual aid if either side was attacked by Germany, but in 1938 Moscow was coldly shut out of the Munich negotiations which resulted in the breakup of Czechoslovakia.

It was shortly after the German occupation of Prague in March, 1939, that Litvinov told *Business Week*, in a Moscow interview, that he almost despaired of carrying out his program of collective security. He remarked sadly: "We tried actively to stop Italy from attacking Ethiopia. We begged for cooperation in preventing a Fascist victory in Spain. We agreed to come to Czechoslovakia's aid if attacked, but we weren't even invited to Munich. What are we to do now? The first thing we know we shall



be left to fight in a potato patch."

Moscow's complete abandonment of Litvinov's program came in May, 1939, when he was replaced by Molotov as Foreign Commissar and the Kremlin reversed its whole foreign policy, abandoned the program of collective security. In a desperate last effort to gain time, a non-aggression pact was signed with Hitler in August. Germany attacked Poland in September.

Though he was never exiled or humiliated for the failure of his policies, Litvinov remained in eclipse in Moscow until June 22, 1941, when Hitler attacked the Soviet Union.

This is the second time that Litvinov has been appointed Soviet Ambassador to Washington. In 1919, a year after he was sent home from London where he was the first Ambassador of the new Bolshevik state, he was named Ambassador to the United States, but the State Department then refused even to grant him a visa to enter the country.

In 1933, following a meeting at the ill-fated London Economic Conference with Secretary Hull whose campaign to lower world trade barriers he supported, Litvinov came to Washington at the invitation of President Roosevelt. Before he left he had won recognition for his coun-

try and re-established full diplomatic and trade relations.

Litvinov's main task during the next few months will be to convince American officials that prodigies of production and delivery must be performed if Hitler is to be stopped on the Russian steppes. It will be his job to convince this country that the present \$1,000,000,000 of lease-lend aid must be supplemented if the war is not ended before it is spent and if Soviet resistance has been as effective as Russians predict it will be.

But an Ambassador of his rank has been chosen obviously because of longer-term problems. He will be informed immediately of the proposals Saburo Kurusu has brought from Tokyo. He will participate in conferences with Chinese, British, and Dutch officials for the defense of the Pacific. He will discuss post-war plans and postwar needs with officials from all these countries. Eventually he will help draw up a new trade agreement keyed to Russia's reconstruction needs and to its capacity to pay in such commodities as manganese, fur, caviar, and flax for the supplies it is getting under lease-lend. Moscow has sent him because he can speak with the full authority and complete background of the Foreign Office.

ARC WELDING ARTERIES FOR LIQUID GOLD



RAPIDLY constructing arteries for the transportation of oil—veins for coursing the life blood of the defense effort—this is the all-important task being accomplished by Airco electrodes and arc welding machines. This combination—which produces the Airco electric arc—has justly earned wide fame for its outstanding ability to produce permanently strong pipe welds. Once pipe has been joined this leak-proof Airco way, it can be buried with full confidence that joints will last as long as the pipe itself.

The electric arc teams with its partner, the Airco oxyacetylene flame, to form the most efficient metal working combination known to man. These modern tools which never dull have long since been drafted by industry to provide swift, accurate, economical ways to cut and weld steel plates, forgings, castings, structures and pipe, regardless of size or shape.

Defense production speed-up is the aim of Air Reduction. Its nationwide facilities are marshalled to this end.

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60 EAST 42nd STREET, NEW YORK, N. Y.

In Texas:

Magnolia-Airco Gas Products Co.

DISTRICT OFFICES IN PRINCIPAL CITIES

ANYTHING AND EVERYTHING FOR GAS WELDING OR CUTTING AND ARC WELDING

Power Reprieve

Southeast's rationing put off for week. If more rain comes, current may last until region gets new generative capacity.

A three-way parlay of one good rain, increased energy deliveries through transmission lines, and a modest saving in consumption from blacking out signs paid off to give the Southeast a week's reprieve from the 30% industrial power curtailment program of the Office of Production Management (BW—Nov. 8 '41, p16). And if nothing happens to the highly-charged transmission lines, there's a better than even chance for a second week's postponement to Nov. 24, even without more rain.

If the Southeast can hold off curtailment that long, it becomes a fair bet that winter rains will arrive to stave off the whole curtailment show at least until next summer. By that time, both TVA and Commonwealth & Southern properties in Georgia and Alabama will have additional steam generating capacity to offset partly inability of hydro plants to keep pace with aluminum and other war demands needing power.

• **Nightmares**—After-effects of the Ickes gasoline fiasco are giving nightmares to the field staff which OPM Power Coordinator J. A. Krug has set up at Atlanta to administer the curtailment program. From the start, Southerners gave a somewhat fishy stare to Krug and his aides, speculated among themselves on whether this was another cry of "wolf,"



Tourist homes which depend on lighted signs to attract business at night were suffering badly from the ban on electricity for signs, show windows, and ornamental lighting in the Southeast—until someone appealed for help to Ed L. Hicks, president of the Post Sign Co., Knoxville. Mr. Hicks came through with a transparent, oblong sign, with the word "Tourist" front and back, illuminated by a high-powered kerosene lantern which burns four nights on a nickel's worth of kerosene. Hicks has applied for a patent on the idea.

wolf" from Washington. When the time came to decide on a week's postponement of rationing, it was touch and go whether delay would be interpreted as proof that the shortage was phony

or as evidence that this time the people were getting every chance to tip the scales in their favor.

Krug, as he had promised, resolved every reasonable chance in favor of avoiding a body blow to business and pay-rolls, let Southerners interpret his move as they wished.

• **Facts Favor Krug**—Krug had the facts with him. Increased power pooling is now bringing more than 41,000,000 kwh. into the Alabama-Georgia-Tennessee dry area weekly, 25% more than ever before and 15% more than Krug had originally estimated. Scattered rains in the right places have added 62,000,000 kw-hr. to reservoirs and run-of-river generation. The blackout is cutting consumption 3,000,000 kw-hr. or more weekly.

For the South's biggest industry, textiles, a formula providing restriction to a five-day week has been worked out for use if power curtailment goes into effect. With consent of the Army Quartermaster Corps, this means that looms turning out Army goods as well as those in civilian production will shut down two days a week. To run Army looms full time would make impossible an orderly scheduling of power needs.

PERMANENT LICENSE PLATES

To conserve defense metals, at least four states—California, Delaware, Kentucky and Maryland probably won't issue new license plates in 1942. States with steel supplies on hand for '42 plates or with plates already manufactured will probably take similar action next year.

California will make 1941 plates us-



FORT WORTH BOMBER PLANT

In Fort Worth this week ceremonies were held marking completion of the 22,000-ton structural framework of Consolidated Aircraft's new bomber assembly plant. The plant was designed and built by the Austin Co.,



Cleveland. A twin plant in Tulsa, Okla., to be operated by Douglas Aircraft, was also designed by the Austin Co., but is being built by the Manhattan-Long Construction Co. of Tulsa. The two plants share the distinction of containing "the largest unobstructed working area in the world."

There are 32,000,000 cu. ft. without a single column beneath the 200-ft. trusses that span the area. Fiberglass and steel products are being used in both the side walls and roofs for economical air-conditioning and acoustical control of the 4,000-ft.-long windowless plants.

The Battle that was won in Drawing-Room A

At four-thirty, everything was lovely . . .

. . . production plans all set on the big Defense contract . . . the Old Man, the Production Manager, the Plant Superintendent going over notes for the big meeting next morning, six hundred miles away . . .

Then, at four-thirty, catastrophe. The supplier they'd counted on can't furnish vitally-needed castings. *What to do?*

"Cast 'em ourselves!" snapped the Old Man.

"Means re-planning the whole production set-up," said the P. M.

"No time to do that before the meeting," said the Super.

"Time, my eye!" said the Old Man. "We'll get Pullman drawing-rooms on the Limited tonight—lock ourselves in and iron things out. We can get down to our shirt sleeves and be comfortable. No interruptions—and we can lick this into shape by bedtime. We'll get a good night's sleep, and it'll be duck soup at the meeting in the morning!"

That's the way it happened, too. By eleven-thirty that night there were three pairs of shoes waiting for their free Pullman shine.

And even the Old Man's snore sounded kind of contented.

* * *

That's the swell thing about Pullman travel—it gives you *extra* comfort, *extra* privacy, to any degree you want.

For instance, Pullman offers—on many lines—the other Pullman rooms shown below . . . for just a *nick* more than separate lower berths for each occupant. Better look them over—pick the one that appeals most. *Then, next trip, try it!*

Meanwhile, memorize this sentence: *Pullman gets you there—safely, comfortably, dependably—and no fooling about it!*

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THE ROOMETTE: (for one). Completely private—surprisingly spacious. Private toilet and lavatory, roomy clothes-locker, a big, soft bed and your own air-conditioner.



THE BEDROOM: (for one or two). Two extra-comfy beds, your own toilet and wash basin, writing table, full-length mirror. Individual air-conditioning, naturally!



THE BEDROOM SUITE: (for three or four). By day, one big room—by night, two separate double bedrooms—each with toilet and lavatory, grand beds, comfort-gadgets galore.



For Comfort, Safety and Dependability—Go Pullman



40% Saving for Franklin Brewing Co.



Franklin Brewing Co. plant at Columbus, Ohio, where Iron Fireman saves over \$200 a month on fuel costs.

A 40 per cent reduction in fuel costs was the immediate result achieved by Iron Fireman equipment firing the Franklin Brewing Co. power plant, Columbus, O. An Iron Fireman Pneumatic Spreader stoker installed in January, 1938, firing two boilers, completely paid for itself in 30 months . . . and is still returning fuel savings of \$2,458 a year.

Less Expensive than Cheap Equipment

Franklin found that cheap equipment is more costly than Iron Fireman. With another stoker, \$500 a year was spent on upkeep. Iron Fireman's maintenance costs have been negligible. Iron Fireman operates an engine and generator, enabling Franklin to make its own power.

What Can YOU Save?

A savings performance such as that at Franklin Brewing Company may be possible in your plant. Let an Iron Fireman engineering survey show you the savings possible. There is no obligation. Just mail the coupon below.



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AUTOMATIC COAL STOKERS

IRON FIREMAN MFG. CO. (Portland, Ore.; Cleveland; Toronto).

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- ☐ See me about making, free, Iron Fireman Survey.
☐ Send free copy of "Modernize, Economize, Iron Fireman-ize."

Name _____

Address _____

able next year by fastening cover strips, 1½ in. wide by 13½ in. long, on this year's plates. These strips will carry a serial number, the state's name, and the year. New registrants will receive regulation plates. In addition to saving steel, the state figures it will save between \$100,000 and \$130,000, according to the Federation of Tax Administrators.

Delaware has put its registration plates on a permanent basis with expiration dates indicated in two places by changeable inserts—the month in the upper left-hand corner of a plate, the year in the lower right-hand corner. Maryland and Kentucky are considering adoption of five-year license plates, with windshield stickers to indicate the year. Looking ahead to next year, Michigan plans on making its 1942 plates last a year longer by issuing steel strips with the numerals "43" to bolt over the original year. Eventually, Michigan officials think they will adopt plastic plates. One state, Connecticut, has used permanent license plates, made of aluminum, since 1937.

Eggs Go to Town

And to Britain, in a big way, via FSCC, which calls for more despite fact that hens are outlaying 1930-39 averages.

Last week's goings-on in the egg market disclose the abnormal conditions that prevail, with aid to Britain dominating everything. Federal Surplus Commodities Corp.'s lease-lend buyers took 7,700 cases (30 doz. per case) in the Midwest, paying 37½¢ to 39½¢ per dozen. This is the highest ever paid by the FSCC, 1¢ over the preceding week and more than Chicago wholesalers were paying.

Futures on standard grade storage egg contracts went up over 3¢ per dozen on the Chicago Mercantile Exchange, and the entire price level of eggs is at 11- and 12-year peaks. The graph of Chicago prices runs almost steadily upward since mid-March, when the lease-lend bill was enacted. The 1941 low on futures was 18.65¢ in February. The price soared to 32.75¢ on Monday, Nov. 10.

• **Imports Increase**—These prices have been attracting steadily larger volumes of egg imports, particularly from Argentina, which enjoys a tariff of only 5¢ per dozen as against 10¢ for most of its potential competitors. Through Nov. 8, imports from Argentina were 7,220,190 doz. of eggs in shell. These imports are coming fast now, because the topsy-turvy seasons below the equator make this the equivalent of our May. Unlike the current butter imports from Argentina (BW-Oct.18'41,p33), these egg imports do not even dent the rising market. All of this might be taken to indicate

that U.S. hens are slacking. Actually, the 1941 U.S. farm production of eggs has been above the 1930-39 average in every month except April, which equalled the average. The curve continues upward, and this year's production will set a new high.

Moreover, the farmers are responding to Secretary Wickard's pleas—and his high buying prices—by giving their flocks more feed and attention. Hence, the average production per laying hen in every month of 1941 has been better than the month's 1930-39 average. As a measure of market activity, the Chicago board reports that during the first ten months, volume in futures showed an increase of almost 100% above 1940.

• **Cry for More**—Despite the enthusiastic cooperation of the hens, farmers, and traders, last week, eager government buyers wired principal packers, shippers, concentrators, and terminal markets, plaintively pointing out that offerings were not so large as they would like. These messages urged the recipients to wire, collect, any suggestions. Best idea offered at Chicago was that maybe the FSCC should squeeze the birds.

To understand how lease-lend has affected the supply and demand, it is only necessary to realize that current exports are the largest the U.S. has had for many years, while domestic consumption is rising as it always does when payrolls increase. Thus, storage stocks are relatively light, and the trade expects that the government will take a steadily increasing percentage of production.

• **Ten-Month Showing**—The following tabulation, compiled from published government figures, shows the U.S. egg situation for 1941 to date, in terms of millions of dozens or equivalents:

Purchases by Dept. of Agriculture					% of Production
Total Egg Production	Shell	Frozen	Dried		
Jan. 237	0.1	...	...	...	.04
Feb. 273	5.2	...	...	...	1.90
Mar. 384	2.2	...	...	...	.57
Apr. 417	11.6	...	...	...	2.78
May 405	12.0	13.3	2.5	6.86	
June 333	1.2	5.3	2.2	2.58	
July 291	9.5	36.2	14.3	20.6	
Aug. 255	2.9	1.9	19.6	9.57	
Sept. 222	2.6	...	16.6	8.65	
Oct. *201	*2.8	...	*41.0	*21.79	
10 mos. 3,018	50.1	56.7	96.2	6.72	

* Estimated.

FSCC buying started early this year, as in previous years, to support prices, but in mid-March became the market aggressor. Now the FSCC is buying any eggs it can get—fresh, storage, or what have you. The driers are operating day and night to capacity, with production in recent months running more than 1,000% of a year ago. And every day there are reports of from 2,000 to 4,400 cases of shell eggs shipped to New York for shipment abroad.



The Home Guards are Patriots, too

ONE DAY the "arsenal of democracy" will be turned again to the arts of peace. Then America will be a workshop with capacity to produce beyond all previous dreams. But that capacity may well be strained to meet the pent-up demand of our people.

Quick readjustment of industry to fulfill that demand will be as vital then as is our present haste to arm. To meet America's needs... to keep America employed... will call for more products, new kinds of products, better products than ever before.

So Penn sees a two-fold present duty. Defense comes first, of course. Our specialized resources in engineering and manufac-

turing automatic control devices are being devoted without stint to the military needs of our country.

But the home guards are patriots, too. Maintaining and servicing the heating, air conditioning, refrigeration and other automatically controlled equipment upon which America has come to depend, is vital for today's morale as well as tomorrow's welfare. To the industries we serve we pledge our utmost efforts to meet their pressing needs.

PENN HELPS THE NATION ARM

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To all industries whose plans for the present or future involve any problem of automatic control we offer the co-operation of an experienced, resourceful engineering and production staff. *Penn Electric Switch Co., Gosben, Ind.*

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During these times, as you plan for a future greater service to the American public... as you plan to provide continued employment for your workers—you can get help in the solution of your new control problems from Penn engineers, without obligation. Write Penn today.

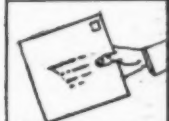
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Defense Business Checklist

• **Cellophane**—OPM's Division of Priorities has issued a limitation order, L-20, banning the use of cellophane and similar transparent materials derived from cellulose in the packaging or manufacture of products in the following categories: razor blades, cosmetics and soaps, textiles, rubber and rubber products (except for use as a substitute for Holland cloth in the backing of retreading stocks for tires), hardware, metals and sporting goods, paper and paper products, laundry, candles and wax products, electrical equipment (except its manufacture), and decorations and novelties, including molded paper hats, molded Christmas bells, molded flower pot covers, bows and rosettes, flowers, wreaths, and garlands, soda straws, ribbons, household rolls, and gift wrappings. Users are given 60 days (from Nov. 8) to exhaust stocks now on hand.

• **Phenols**—A complete allocation system covering phenols has been provided for in an order issued by Priorities Director Nelson. The order is an amendment to General Preference Order M-27, which originally imposed a milder form of control on phenols Aug. 30. Under terms of the new order, the Director of Priorities, on and after Dec. 1, will give specific directions each month as to shipments of phenols. Provisions of Priorities Regulation No. 1 generally will apply, according to the amendment, and a special inventory report is required for all persons, except producers, who have more than a 30-day supply on hand, based on the year ending Sept. 30, 1941. A preference rating of A-10 is given to all defense orders not otherwise assigned.

• **Rebuilt Machine Tools**—Rebuilders of machine tools have been granted the assistance of an A-1-c preference rating in acquiring necessary scarce materials by OPM's Priorities Division. The A-1-c rating may be applied by the rebuilder by executing an acceptance of the preference rating order and filing it with the Priorities Division, and furnishing one copy, with the acceptance executed, to each of his suppliers.

• **Trucks and Trailers**—Two OPM orders L-1-a and P-54, facilitating production of heavy motor trucks, medium trucks, and truck trailers have been extended until Jan. 31, 1942, by Priorities Director Nelson. Extension of order L-1-a means that during the period from Sept. 1 to Jan. 31 producers may manufacture five-sixths the number of medium motor trucks, trailers, and passenger carriers produced during the first half year, except that trucks ordered for specific defense purposes, as defined in the original order, are not limited. Production of heavy motor trucks, which are carrying most of the national defense truck transportation burden, is not restricted. The extension also provides that manufacturers of

replacement parts may produce during the Sept. 1-Jan. 31 period the same number of parts as were sold for replacement during the first half year.

• **Cobalt**—Because of a shortage and the uncertainty of shipments from abroad, cobalt has been placed under a direct allocation system to be administered by the Director of Priorities. General Preference Order M-39 places domestic and imported ore and concentrates, cobalt metal, and cobalt chemical compounds, under mandatory control and restricts deliveries and acceptances of cobalt for metallic uses to specific authorizations by the Director of Priorities. Monthly allocations of cobalt for metallic purposes will be made by the director, and may be made without regard to previous preference ratings. Deliveries of cobalt chemical compounds for nonmetallic uses by any processor or dealer are limited to 90% of the average monthly weight delivered by him for the first six months of 1941. A similar restriction is placed on the manufacture of those chemicals which are not convertible into cobalt metal.

• **Freight Containers**—Modifications of regulations governing the shipping of freight in corrugated and solid fibre shipping containers, which are expected to save approximately 10% of the paperboard used in that manner, have been put into effect on American railroads as a result of railroad cooperation with OPM's Containers Branch. With Interstate Commerce Commission approval, an order modifying container regulations has been issued by the Classification Committee of the Association of American Railroads. Effect will be to provide for defense uses between 250,000 and 300,000 tons of paperboard per year without using any additional raw materials or supplies.

• **P.S.**—OPM Directors General Knudsen and Hillman have urged all lead producers and miners to operate their properties 24 hours a day, six days a week, and where possible, seven days. Previously, Price Administrator Henderson said that present prices of 5.85¢ per pound, New York, and 5.70¢ per pound, St. Louis, are adequate to support a substantial increase in domestic output. . . . Manufacturers of copper wire and cable used to conduct electricity have been asked by OPA not to exceed their Oct. 15 prices. . . . Agreements between OPA and floor-covering manufacturers have stabilized until Dec. 15 prices quoted on domestic rugs and carpets on Oct. 13. . . . Henderson has asked makers of a wide range of metal office furniture and equipment not to raise prices above Nov. 6 levels. . . . Makers of domestic cooking and heating stoves have been asked to hold prices to the Oct. 24 level; manufacturers of radio sets and parts have been asked to stick to Oct. 15 quotations.

New Oil Warning

Davies tells industry that rocketing defense demands have narrowed margin of safety in domestic underground reserves.

The specter of dwindling underground oil reserves, long exorcised from industry pow-wows, raised its ugly head at the San Francisco convention of the American Petroleum Institute last week. It was introduced by Ralph K. Davies, young vice-president-on-leave of the Standard Oil Co. of California, who as deputy petroleum coordinator has been carrying the ball for Coordinator Harold Ickes.

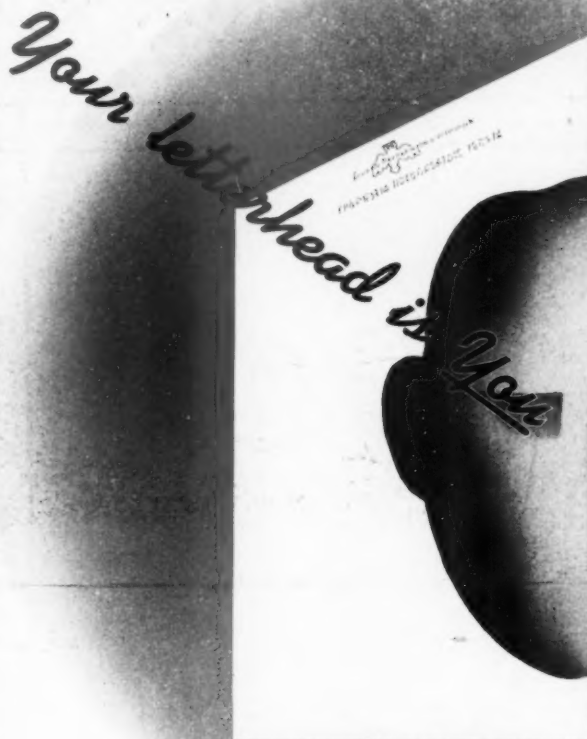
Mr. Davies pointed out that the margin of safety in domestic supplies was being narrowed by defense demand which has stepped production to the all-time record figure of 4,100,000 bbl. daily. But the war only accentuated a condition that already existed. For the past three years oil was being taken out of the ground at a more rapid rate than new pools were being discovered.

• **Paper Position**—"Since 1938 we have maintained our paper position with respect to reserves only by increasing the estimates for fields discovered in prior years," Mr. Davies said.

There is no immediate worry since the U.S. known reserves (figured at 20,000,000,000 bbl.) are the greatest in the world. But the present rate of production is around a billion and a half barrels yearly. At this ratio we have oil enough of our own for less than 14 years. Optimists in the business might point out that right now exploration is being hampered by shortage of materials and higher costs. But pessimists could retort that crude output may be further strained since military men are asking whether daily production can be hiked to 5,000,000 bbl.

• **Government Control**—Mr. Davies also talked turkey on government control: "There must be voluntary coordination or rigid regulation" though "coordination would certainly appear to approach most nearly the desires of the petroleum industry."

This view was endorsed by the personal bugaboo of the oil industry, Petroleum Coordinator Ickes, himself. He prophesied to the convention that some measure of federal control was inevitable unless oil men exerted sufficient self-control to prevent waste and intemperate exploitation. After getting in these licks, Mr. Ickes went gentle. He deplored attempts to poison the minds of oil men with charges "that if I could, I would take over and run the oil business." Protesting that he had neither the power nor the will to impose federal control on the industry, he added, "I



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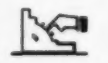













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THE FIRST 9 MONTHS ROUNDUP

1941 Compared with 1940

PRODUCTION	%	TRADE	%	PRICES	%
 STEEL	+30	 CHECK TRANSACTIONS	+20	 WHOLESALE PRICES . .	+9
 AUTOMOBILES	+27	N. Y. C.	+15	 Farm products	+17
CONSTRUCTION	+62	140 cities	+23	 Food products	+13
 Residential	+37	 LIFE INSURANCE SALES	+7	 Hides and leather	+6
 Non-Residential	+103	 CEMENT SHIPMENTS .	+30	 Textiles	+12
 Public works and utilities	+54	 PAINT, VARNISH, LACQUER SALES	+35	 Building materials	+9
 LUMBER	+13	CARLOADINGS	+18	 Chemicals	+8
 ELECTRIC POWER	+16	Grain	+9	 Metals	+3
 HARD COAL	+8	Livestock	-6	Raw materials	+13
 SOFT COAL	+9	Coal and coke	+11	Semi-Manufactures	+9
PETROLEUM	+1	Forest products	+26	Finished products	+8
 OIL WELLS DRILLED . .	-0.2	Ore	+28	 CONSTRUCTION COSTS	+6
 TEXTILE MILL CONSUMPTION		L. C. L.	+6	 DEPARTMENT STORE PRICES	+5
Cotton	+37	 MISCE.	+27	COST OF LIVING	+2
Silk	-12	 RETAIL TRADE		 Food	+5
Wool	+75	Department store sales	+19	 Housing	+2
Rayon	+18	Variety sales (5¢-\$1) . . .	+12	 Clothing	+1
 CIGARETTES	+13	Rural sales	+24	Fuel and light	+2
CIGARS	+6	 HOME REFRIGERATOR SALES	+32	Sundries	+1
 FACTORY EMPLOYMENT	+19	 WASHING MACHINE SALES	†	STOCK PRICES	-10
 FACTORY PAYROLLS . .	+41	 OIL BURNER SHIPMENTS	+25	BOND PRICES	+6
		 PASSENGER CAR SALES	+30	 FARM INCOME	+24
		 TRUCK SALES	+24	 DIVIDENDS	+9

Business Week's Index of Business Activity +29%

† Figures not available.

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WITH HELL LET LOOSE ABOVE

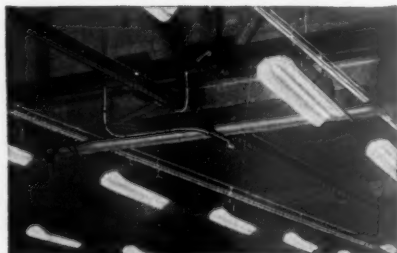
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Section of a modern defense plant showing 2 runs of 125 amp. Bulldog BUStrIBUTION DUCT branching off a main run of 300 amp. capacity. The fluorescent lights are both fed and supported by Bulldog Universal Trol-E-Duct.

Power; Universal Trol-E-Duct, for Light, and Industrial Trol-E-Duct, for Production Lines or Assembly Benches — are used singly or in combination.

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YO! HO! HO! AND A BOTTLE OF RUM!

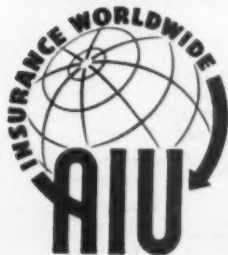
LONG before Long John Silver and Sir Henry Morgan, rum had gained favor in many lands. Good cooks early learned its value for flavoring sauces, pastries, confections. Today it is used extensively as prime ingredient in a variety of beverages adaptable to all seasons. Tall, icy drinks for summer—cosy cockle-warmers for winter—with rum quickening the joy or the solace of welcome, companionship, God-speed.

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The National Live Stock and Meat Board uses demonstrators, wall charts, and textbooks to teach Army cooks how to get the most food from meat

with the least waste. Instead of conventional cutting, cooks learn to follow the lines of the muscles. Result: Roasts a housewife never heard of.

have viewed the office of Petroleum Coordinator as an agency to do the necessary work during the emergency, an agency that will be discontinued when the emergency ends."

• **Gasoline Warning**—Speakers complimented oil companies on the speed with which they overcame the oil shortage on the Atlantic seaboard (BW—Nov. 1 '41, p. 27). But the nation was warned against complacent and unrestrained use of gasoline. A sudden and disastrous attack on British tankers "could create a deficiency of 50 or 100 tankers overnight."

There was no mourning among the 3,000 San Francisco conventioners when they read in their papers that the Supply Priorities and Allocations Board had, as predicted (BW—Sep. 13 '41, p. 14), killed off the proposed \$75,000,000 crude pipe line that was to connect the Texas fields and the New York-Philadelphia refinery district. The Nov. 5 ruling held that the present situation was not sufficiently grave to justify diverting 660,000 tons of steel for the 1,589-mile pipe. Oil executives repeated that they had never wanted this line because tanker transport between the Gulf and the East Coast was cheaper, and that they only agreed to the project on the government's insistence.

• **New Lines Acclaimed**—Convention delegates did welcome New Jersey Standard's Montreal-Portland, Me., pipe line and the Southeastern Pipe Line, owned by Pure Oil and Gulf, as beneficial additions to the national system. The Montreal-Portland line will carry crude 236 miles overland, saving tankers 12 days per voyage by eliminating the long

haul up the St. Lawrence. (It was dedicated Monday.) The Southeastern project, a gasoline line from Port St. Joe, Fla., to Chattanooga, will come into use this month. They will take much of the burden off tanker service.

The San Francisco conferences buzzed with shortage talk. Accepted as problem No. 1 was that of increasing production of 100-octane aviation gasoline. No difficulty was reported in obtaining refinery equipment for increasing output in this sector, but priority ratings for other gasoline grades are becoming more elusive. Moreover the demand for tetra-ethyl lead for military plane fuel may force the ordinary motorist to get along on lower-octane gasoline. By the same token, butane (used for cooking gas and for quick-starting gasoline) may become scarcer in products for civilians. Metal for cans, drums, other containers is one more headache. The squeeze on materials runs right through producing, transport, refining, and marketing.

In the consumer field, growing material shortages have provoked discussion of discontinuing the building of new gasoline service stations. So far it is just talk. It is not only materials that are scarce but men to man the gasoline nozzles (page 61). Moreover service station operators find it harder to get new air and gasoline pumps, and repair parts for old equipment.

One of the hush-hush subjects was underground storage of military fuels. It was understood that the government was constructing and planning subterranean tanks at undisclosed points across the country and in Alaska.

Redesigned Meat

Traditional cuts give way to new ones developed by industry for Army; eventual change in civilian usage is expected.

Don't look now and expect to see anything different. But your household probably won't find it so easy to buy the time-honored cuts of meat after the war ends. Contrary to popular belief, there is nothing immutable about how to take a meat animal apart. The corner market man dissects a beef or a lamb or a hog not according to the dictates of its anatomy, but according to national custom.

What may in coming years transform American meat-cutting habits will be the demobilization of thousands of meat cutters now being trained in Army Cooks and Bakers schools. Most of these men should eventually land jobs in butcher shops, hotels, or restaurants. The methods they are learning for the Army are, in the judgment of meat-industry experts, superior to the cutting standards used in civil life.

• **Training by Experts**—For 14 years, the National Live Stock and Meat Board (packer-grower-marketer-retailer outfit to promote use of meat) gave meat-cutting demonstrations to retailers to help them sell more. With conscription, the board asked the Army quartermasters whether it could help in any way. Presently it tripled its demonstrating staff and concentrated on Army groups. Through last week, these experts had given intensely practical lessons to more than 33,000 mess sergeants and cooks at the 66 largest posts in the U. S.

Originally undertaken as a patriotic gesture, the board's Army instruction course has developed into an undertaking sure to produce profitable results for the meat industry. The campaign crosses up the feeders and slaughterers by showing the military how to get maximum food from meat with minimum waste. But likewise it is making the mess officers and non-coms more enthusiastic about using meat, because now they handle it with surer touch.

• **Direct Promotion**—Also, there has been a discreet amount of direct promotion of specific meat products, notably lamb. The mess traditionally shunned lamb, because of an ancient military maxim, "mutton for mutiny." The board sweet-talked authorities at 13 big posts into serving 200,000 portions of roast lamb and lamb stew, kept track of the results. The statistics upset tradition by proving that lamb was as well received as beef.

The board's field men have also boosted other meat products that were previously slighted in Army cookery, especially fresh pork, veal, and lard. In



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vans, murals, mirrors, music by radio, beverage bars. Retire to any of six types of completely self-contained private rooms—Roomettes, Duplex Rooms, Bedrooms, Compartments, Drawing Rooms, Master Rooms... or to a comfortable Section Sleeper. Go Coach and you rest in deeply upholstered, adjustable reclining seats.

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For family or business group! The modern Drawing Room with its movable easy chairs is just the thing. At night, three real homelike beds. Private toilet facilities. Enjoy complete privacy and companionship at a cost little more than for three "lowers".

PENNSYLVANIA RAILROAD

the words of Lt. Col. Paul P. Logan, assistant chief, Subsistence Branch, Q.M.C., the cooks were beefing the men to death. Once the Meat Board's cutting experts have given their lessons and these have had time to sink in, experience shows an upturn in use of these neglected products. Where practically none were used, now lamb is served 2 to 4 times a month, fresh pork 2 times, veal once. Vegetable shortening, which seemed impregnably entrenched, is now getting a run for its money from lard in baking and cooking.

• **Lasting Effects?**—In the long run, these changes in eating and culinary habits for 1,500,000 men should exert lasting effects on civilian tastes. After all, soldiers are the biggest meat-eaters of any American group, with a ration allowance of 18 oz. a day and actual consumption of 16 oz.

The Army needs, for quick carving and convenient roasting, boneless beef chunks weighing around 6 lb. to 8 lb. apiece. Although the mess regulation calls for buying forequarters and hind-quarters, and although higher-ups thought this rule was being observed, Meat Board checkups disclosed that on many posts the only purchases were chucks and rounds—because these were all that the meat cooks were competent to cope with. This cost the Army more than beef quarters, and left the packers with the rest of the critter to sell at whatever price it would bring.

• **New Methods**—Experimenting, the board's cutting experts developed methods of providing the required roasting chunks from the entire fore or hind, not by conventional cutting but rather by following the lines of muscles. The cutter starts out with a boning knife and a side of beef or a lamb carcass, ends up with a disjointed skeleton and a set of cut unlike anything ever seen in a meat market. Because each muscle has its own characteristic tenderness and flavor, these cuts have the advantage of consistent quality. As rapidly as cooks can be trained, these new cuts are becoming standard throughout the Army. And the packers are now selling the Army its beef by the side, at lower prices than for cuts.

To make its training courses readily assimilable, the board developed a series of wall charts and textbooks which its demonstrators use. After taking the course, the graduates go out with similar equipment to train in the approved methods the thousands of new men who never handled a meat knife until they were drafted.

Two handbooks cover cutting beef and lamb, and a pork book is coming soon. A meat reference manual includes broad nutritional information, and a book on baking with lard will be along this year. Books already published have run through free editions of 30,000 to 50,000.

PRODUCTION

Saving Copper

Industry, more optimistic than OEM over 1942 consumption, reports progress in finding replacement materials.

Two weeks ago, the Priorities Division of the Office of Production Management issued Conservation Order No. M-9-c to cut the use of copper in a long list of "non-essential" applications ranging from automotive equipment to weathervanes (BW—Oct. 25 '41, p74). For the two remaining months of 1941, manufacturers of such products on the now-famous List A of that order will have to reduce their total consumption a fat one-third; after Jan. 1, many of them will be shut off entirely from copper.

Most manufacturers have no argument with the official estimate of the Office for Emergency Management that the total copper supply for 1942 will be 1,800,000 short tons. But many of

them disagree with OEM's estimate that 1942 copper consumption will run to 2,570,000 short tons (BW—Oct. 11 '41, p18). According to OEM figures, military uses will account for 1,000,000 tons in 1942; essential civilian uses, 400,000 tons; other civilian uses, 1,170,000 tons.

• **Difference in Figures**—The argument springs from the fact that the civilian-use estimate in this OEM schedule is far greater than the amount used for such purposes in 1940—and 1940 was a year that broke the all-time record for U. S. copper consumption.

According to the American Bureau of Metal Statistics, 1,070,000 short tons were used for all purposes in 1940—including 148,400 tons manufactured for export. Of the remaining 921,600 tons, 247,000 tons went into generators, motors, electric locomotives, switchboards, light bulbs, etc.; 49,000 tons went into telephone and telegraph service; 74,000 tons went into the light and power lines—a total of 370,000 tons for uses that would be classified as essential under order M-9-c.

That makes a total of 551,600 tons used for "other" or nonessential civilian uses in 1940—a figure far short of the 1,170,000-ton estimate listed by OEM for 1942. And, with big users like the automobile industry already making big cuts in copper consumption, some industry estimates are that nonessential uses next year should consume only 400,000 tons.

• **How about Silver?**—Meanwhile, suggestions that the U. S. Treasury open its vaults and let its silver hoard be used to relieve the copper situation have been headlined in big type. Particularly, it has been suggested that some or all of the 3,053,000,000 troy ounces of silver could be used for power-station bus bars and other electrical equipment where the material could be guarded "just as easily as in the West Point vaults."

Figured in avoirdupois weight, however, the pile of silver is equal to only 95,400 tons—roughly a quarter of the copper tonnage used for essential electrical work last year. Besides that, silver is expensive—\$5.10 per pound, \$10,200 per ton—and the electrical industry doesn't like the idea of taking on the job of guarding bus bars that are worth that much. Copper is selling at 12¢ a pound under an OPA price ceiling (BW—Aug. 16 '41, p70).

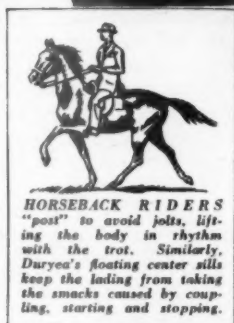
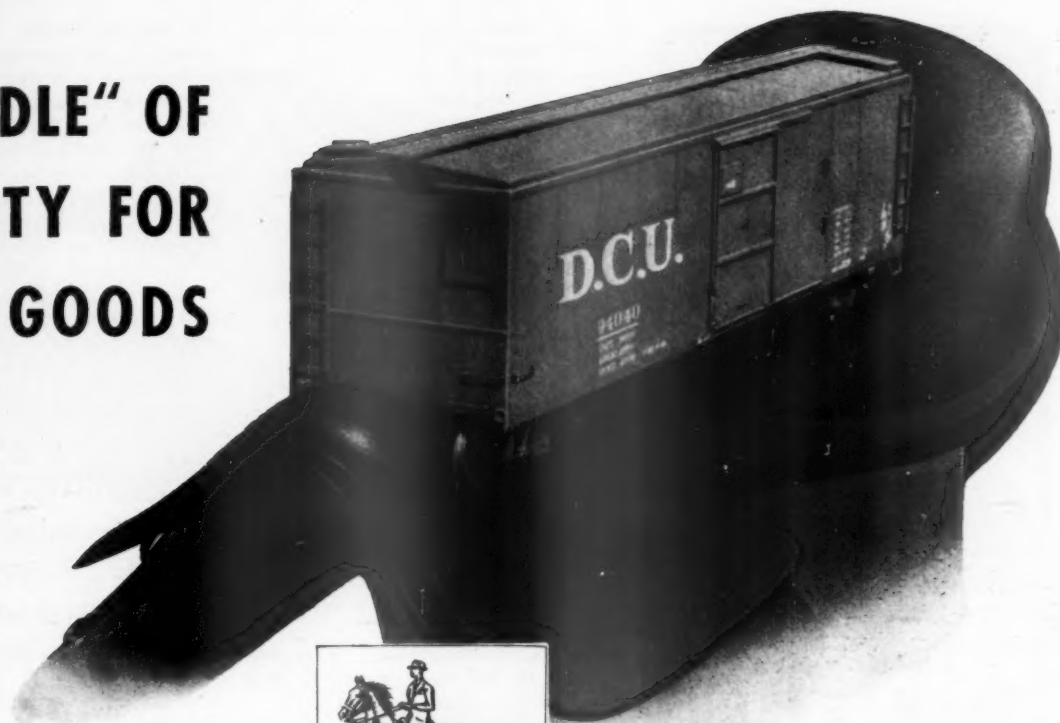
In addition, the electrical characteristics of silver are different from those of copper. Since it has 6% more conductivity than copper, such things as generators, motors, and appliances would have to be redesigned almost entirely if silver were substituted. One electrical engineer puts it this way: "Except for



THOUSAND DOLLAR IDEA

Herbert A. Lebert of United Air Lines' Cheyenne maintenance base received an award of \$1,000 last month, through the company's suggestion system, for an improved seat-reclining mechanism (right) weighing 2 lb. less than the present device used in passenger planes (left). As fast as the big transports come into Cheyenne for their periodic overhaul now, mechanics are substituting the new device for the old on every seat. Saving: 2 lb. per seat—42 lb. per ship—1,800 lb. for United's fleet in daily use. The airline also expects the simpler mechanism to save some \$6,000 in annual maintenance expense.

"SADDLE" OF SECURITY FOR OUR GOODS



DURYEA *Cushioned* CARS ride
the costly jolts of today's
high-speed rail transport

Shippers know that American rail freight
service is the finest in the world. But they
also know that high-speed handling sometimes causes
damage to their goods. Every day more and more
shippers are pleased with the 100% shockproof
protection found exclusively in Duryea-Cushioned Cars.

DURYEA gives Joltproof Shipping

Cars equipped with the Duryea Underframe, giant
springs cushion every blow. Floating center sills carry

the impact under the car, allowing your
shipment to ride over it—unharmful.

Shock-absorbing capacity is more than 3
times that of conventional draft gear (the
old-style "buffer" on freight cars). Ordinary
draft gears often wear out or stick—

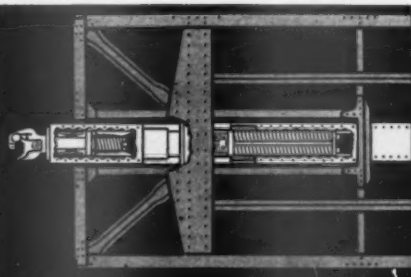
Duryea always maintains full shock-proofing
efficiency. In 15 years of service on thousands of cars,
no Duryea-Cushion gear has ever had to be replaced.
Ask for Duryea-Cushioned Cars when you ship; suggest
that your carriers specify Duryea Underframes on all
their new cars. It means savings to them and to you.
It's the modern protection that insures freight safety!

O. C. DURYEA CORPORATION, 30 Rockefeller Plaza,
New York, N. Y. - Field Building, Chicago, Ill.

DURYEA *Cushion* UNDERFRAME

For Freight Cars

THE MODERN SAFEGUARD FOR SHOCKPROOF SHIPPING



ONE SLIDES! Photos show how Duryea float-
ing shack. Left: Block of wood (sill) against wall
when hit with sledge. Right: With spring allowing
it to slide, the hardest blows won't cause damage.

PHANTOM VIEW shows how giant springs
and floating center sills cushion each wheel,
protecting car and contents. A Duryea in-
stallation lasts for the entire life of a car.

RAILROAD MEN! Duryea-Cushioned Cars re-
duce maintenance costs and damage claims.
Duryea gear costs little, pays for itself quickly.
Why not investigate for your road—today?

New RECORDING SPEEDOMETER

provides daily record chart of truck's performance

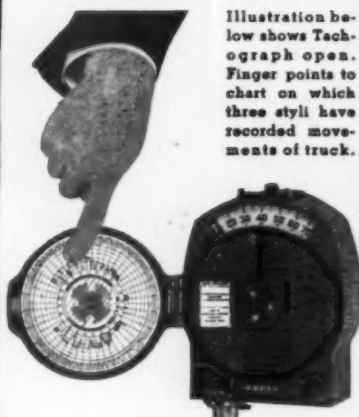


Illustration below shows Tachograph open. Finger points to chart on which three styli have recorded movements of truck.

Amazing New TACHOGRAPH

automatically charts speed of truck. Also records starts, stops and time out

Now you can sit at your desk and by reviewing the daily record chart taken from a Tachograph-equipped truck, you can know how efficiently the truck is being handled.

At the beginning of the day a chart is placed inside the Tachograph which replaces the conventional speedometer on a vehicle. At the end of the day the chart is removed, and you have a graphic record showing time the truck engine was started, distance and speed traveled, as well as all stops and length of stops.

This data is a definite boost for the good driver, and a guide for helping less efficient drivers improve so as to effect savings and safety.

The Tachograph is available in two models. Model "A" records speed in M. P. H., and Model "B" in R. P. M.



For complete information, get FREE COPY of descriptive booklet "Savings and Safety." It tells all about the Tachograph manufactured by Sengamo Electric Company, and distributed exclusively by the Wagner Electric Corporation.

Clip Coupon Today for Details!

AUTOMOTIVE PARTS DIVISION 84-13

Wagner Electric Corporation

8423 Plymouth Ave., St. Louis, Mo., U. S. A.

☐ Please send a copy of "Savings and Safety,"
☐ Have your nearest branch call on us regarding the Tachograph.

Name and Position _____

Company _____

Address _____

We operate _____ trucks.

silver for contact points and things like that and aluminum for 'high lines' and 'buses'—when you can get it—there's nothing to take the place of copper in the electrical industry."

• **Some Possible Uses**—Other copper users are eyeing silver with a good deal of interest, however. Automobile, motorcycle, and bicycle manufacturers, who believe the elimination of bright work would affect sales adversely, are looking into silver plate as a substitute for chrome and nickel over copper. Standard automotive exterior plating is 0.001 in. thick; interior, 0.00026 in. silver would need to be very little thicker, if any, and its cost would not be prohibitive, if used with restraint. This would effect some copper savings, since not as much would be needed under silver plate.

Jewelry and novelty manufacturers, who have long used brass as a base metal, are also looking into silver for their better numbers, lead alloys for low-priced lines.

• **Other Replacements**—Still other copper users are well on their way to finding other replacement materials:

One manufacturer of home air-conditioning equipment is finding that steel tubing in a slightly-larger diameter is giving him as good efficiency as copper tubing for heat exchangers.

Casket manufacturers are looking into metal-sprayed wood and wood-plastics for handles and ornaments.

Brass paper clips are out, in favor of steel clips.

Plastic eraser holders on pencils will release an estimated 150,000 lb. of metal, mostly brass. In this instance, because of its comparative lightness, one pound of plastic releases two pounds of metal.

Free-cutting steel rod is taking the place of much of the brass rod used in screw machine work.

The building industry, which used over 100,000 tons of copper in 1940, expects to turn to galvanized steel for flashings, eaves, valleys, and downspouts as long as it is available; later, asphalt-bonded asbestos, tile, and wood may be used. Copper and brass piping will be replaced with wrought iron. Copper tubing may be replaced with plastics. Interior hardware will be made of plated steel, plastics, and numerous other materials. Metal-coated plastics and ceramics will undoubtedly be used where tradition calls for bronze, brass, or copper.

In a number of lines, ceramics and glass are being used instead of copper.

• **Army Acts, Too**—Despite its first call on copper, even the Army is looking for substitutes and the War Department has announced that the Quartermaster Corps is drawing up new specifications. "Brass and bronze have been eliminated from belt buckles, rifle scabbard snaps, nuts, bolts, and electrical fixtures," read

the announcement. "Copper used in wrapping wire, construction work, and a dozen other ways has been replaced in specifications by such materials as porcelain, glass, black iron, lead, galvanized iron, and corrosion-resisting steel."

In line with these Army placements industrial copper-users are hoping—but not too optimistically—that the Army will also see its way clear to using steel instead of brass, shell cases. They point to the fact that the German and Russian armies are using steel cases successfully for all sizes of shells from 75-mm. up, and at least one American manufacturer is producing steel shell cases for the Canadian Army.

Unvarnished Facts

Paint-makers are forced to return to chemistry of 20 years ago because of war's inroads on materials used by industry.

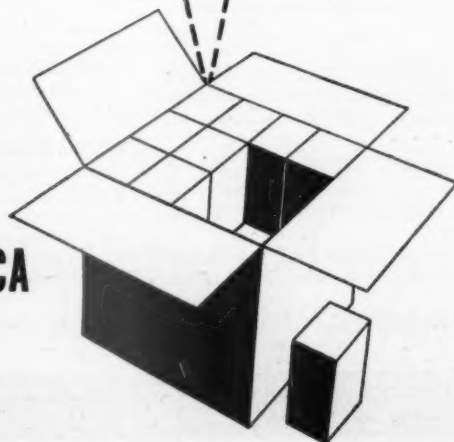
War has turned the clock back for the paint-makers. Because of scarcity of materials, the industry is returning to the chemistry of 20 years ago. So many firms have already abandoned or prepared to abandon recent technical progress that no one was greatly startled when the necessity of doing just that was stressed at last week's convention of the National Paint, Varnish, and Lacquer Assn., at Chicago. Ernest T. Trigg, head of paint control in the last war and now head of the association, and J. B. Davis, chief of OPM's protective coatings section, sounded the warning.

Mr. Davis's advice that the manufacturers must depend more upon linseed oil and white lead did not bring down the house. Those who have not already moved in this direction have their formulas ready for use when present inventories are gone.

• **Record-Breaking Demand**—All this is making a hell out of what otherwise might be a paint-maker's heaven. Current demand for paint exceeds any previously experienced. Besides the requirements usual in good times, the industry must coat every ship, tank, plane, and gun. The ghost of the banquet is the scarcity of materials.

For instance, the chemistry of interior finishes (60% of the building paint market) has been founded, since about 1920, on tung oil from China. Tung sold for 5½¢-10¢ per lb. before Japan moved in; by now is 34½¢, New York basis. This is just too expensive to use, and most manufacturers have quietly abandoned it except in specialty applications and in Navy-specified paints.

• **In Place of Tung**—Oiticica oil from Brazil (BW—Jun. 1'40, p. 32) can replace tung to a considerable extent. It used



Packaging is a matter of sales appeal

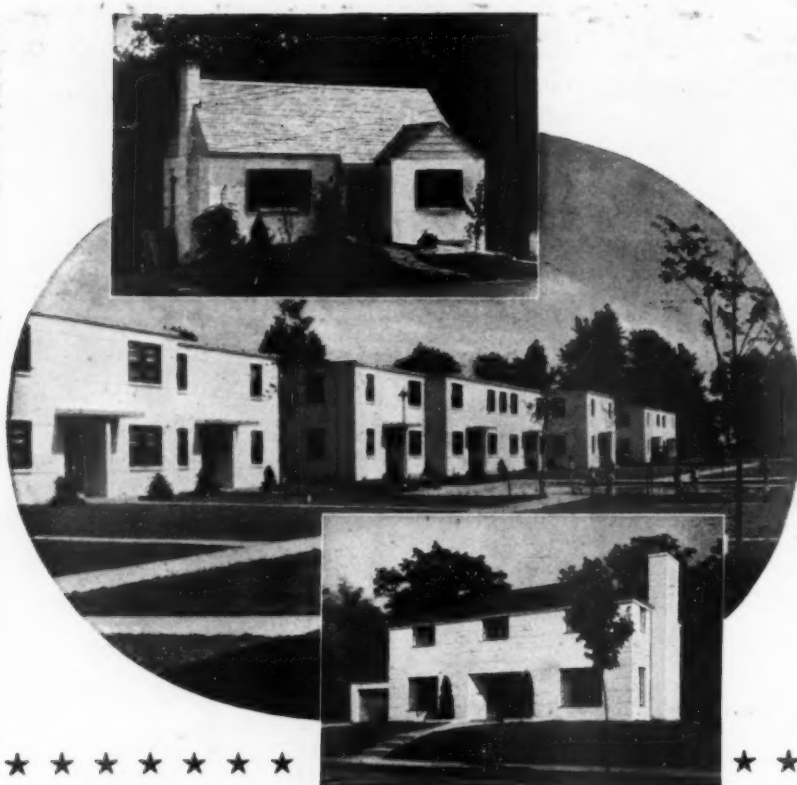
Protection against competition is as much a part of successful packaging as protection from hazards of shipment and storage. Container Corporation's conviction is that the best package is the one that sells. Our designers, artists and printers have an enviable record of packages that win over the counter—as well as in the courts . . . of new ways to package to increase product appeal . . . of attractive variations in finish, color and layout. Our organization is unusually well equipped for these variations. We control our own raw materials, paperboard and package factories—all strategically located. Our staff includes specialists in every field of packaging. We are proud of a record of keeping costs down, quality up and customers happy. We like to tackle your problems—the tougher the better. May we call and explain our method of solving "the correct package for the job"?

CONTAINER CORPORATION OF AMERICA

Chicago, Ill., and 21 Other Strategically Located Cities

Corrugated and Solid-Fibre Shipping Cases

Printing Cartons • Boxboards



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★ ★

All kinds of Homes need the advantages of **CONCRETE**

★ ★ ★ ★ ★ ★ ★ ★

A lifetime of comfort at low annual cost

To the normal need for new, low cost homes of all types, has been added the vastly greater need for homes for men in service and for workers in defense industries.

Right now the advantages of concrete homes are more desirable than ever. Consider these points:

CONCRETE costs very little more to build than temporary construction, yet it has long life with minimum maintenance.

LOW ANNUAL COST plus comfort and lasting good appearance make concrete homes superior investments.

CONCRETE'S FIRESAFETY—always desirable—is even more important when housing large numbers of people in close quarters.

Concrete is readily available—using for the most part local materials which

require a minimum of transportation. Trained workmen are at hand in almost every community; construction is rapid.

Low maintenance cost helps the owner to meet his payments regularly. For utmost mortgage protection, specify concrete walls, floors and foundations in the homes you build or finance.

HOW TO GET CONCRETE HOMES

—Today, nearly every community has builders experienced in concrete homes who can build one or a hundred at low cost. Consult a local Concrete Masonry Manufacturer or Concrete Contractor for their names.

PORTLAND CEMENT ASSOCIATION, Dept. Allc-12, 33 W. Grand Ave., Chicago, Ill.

A national organization to improve and extend the uses of concrete... through scientific research and engineering field work

to sell at about 14¢ below tung, brings 21¢ per lb. Dehydrated oil, relatively recent and still deb in the trade, costs about 16¢ per or roughly double the old level tung. Even castor's strongest advoc say it needs the right kinds of synt resins to make a good product.

But resins are short because they compounded from materials other needed in defense industry. Phen formaldehyde resins are one major in high-grade interior finishes; they are going into critical plastic applications, hence are tough to buy for Glyptal-type resins (glycerine and phallic anhydride) are another major Glycerine is going to U. S. explosive mills, and the trade hears that 2,000 tons a month are currently being lent. Pthallic anhydride is made from naphthalene, a coke byproduct, and coke derivatives are being shifted toward high-explosive uses. Moreover the government favors alkyl resin paint on marine work, which curtails supply for other customers.

● **Toluols and Xylols**—As synthetic oiling came in, toluol-xylol type thinning solvents were replacing turpentine. Now, of course, toluols and xylols routed direct to high explosives. Gas turpentine, last year worth 30¢ per gal, is today bringing 73¢ on the strength of domestic demand, plus reported lend total shipments of 90,000 bbl.

Another essential in paint is pigments. These come from metals, and their manufacture requires scarce chemicals. For instance, the greens and blues call for chrome, of which the chemical industry can get only what is left after alloying needs are filled. Chromium is put into solution for making pigments takes acetic acid, which is more urgently required for making thinner solvents for Army and Navy material coatings. Shortage of acetic acid also affects supplies of white lead, used in burning the metal to pigment.

● **Titanium Oxide**—Titanium oxide, in recent years been elbowing out older whites, because its superior covering qualities permit making more paint with less pigment. This is another Army Navy favorite. Paint convention delegates audibly hoped the Navy has warehouses filled with titanium oxide because this might presently replace current production for actual use. Theoretically, 15% of domestic production of titanium oxide is reserved for government, and industry gets the rest. As it works out, the paint industry does not obtain much more than 60% of its needs.

Big users are either dropping or about to drop titanium oxide from their house paints, returning to white lead. Sears Roebuck & Co.'s Master-Mixed, for example, is one of the big-selling brands of high-quality house paint. Sears discontinued titanium oxide in all house

tung, sold through its retail stores, and
 ated c... it in the mail-order paint only
 ill det... the year's end because the current
 6 per... specifies it. Sears paint men say
 levels... their two Master-Mixed white
 f adv... paints can hardly be distin-
 f synt... ed, either freshly applied or after
 t... years of weathering. But they regret
 se they... passing of titanium oxide because
 other... public prefers it, and the white lead
 v. Ph... costs about 10¢ per gal. more to

White Lead—Obtaining white lead is
 major g... and this steadily becomes
 hes; th... difficult as the government sets
 ic app... the pig lead for its own use. Zinc
 for pa... pig lead is obtainable in restricted
 and p... quantities, but lead-free zinc—required
 major d... some interior applications—is very
 exp... to buy. Lithopone is scarce, for
 hat 2... reasons: (1) It contains zinc. (2) It
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 ade fr... America formerly bought it in
 , and... Europe, and is now willing to pay above
 shum... domestic prices.

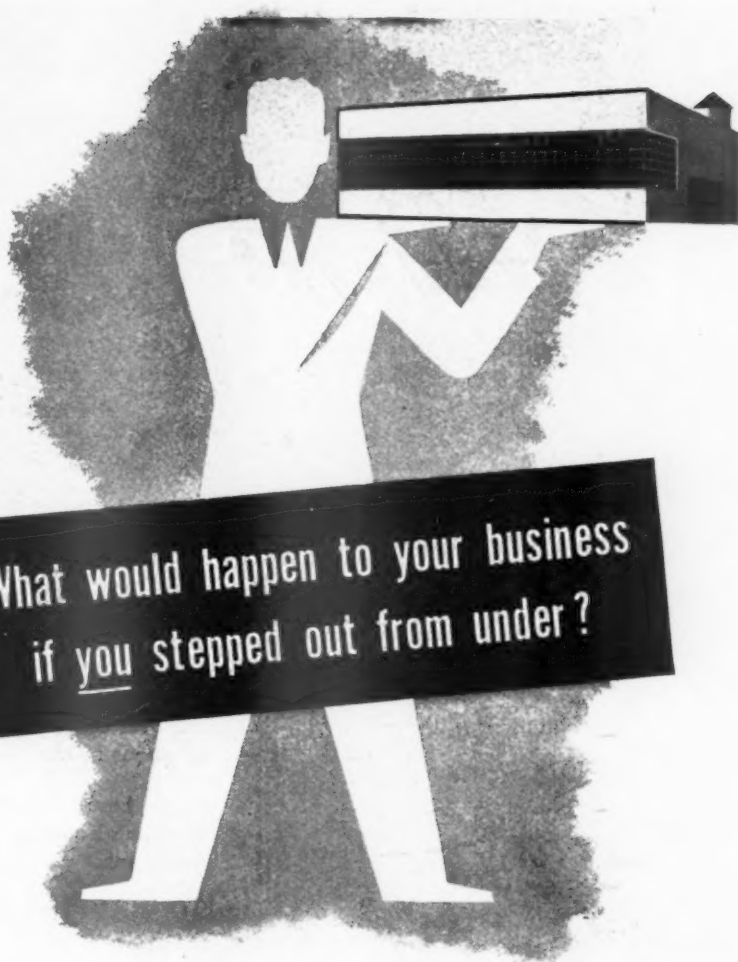
Also needed in paints are inerts,
 esin pa... whiting and silicas. There is
 rtails... scarcity of the raw materials, but
 hetic... and for these products is now be-
 type th... the capacity of the processors who
 urpent... are them for mixing.

Soybean Oil—Soybean oil was brought
 xylols... for use in cheap barn paint, partly
 ves. G... way to cut prices below linseed
 e per... and partly to please soybean farm-
 stren... of the Corn Belt. Now soy oil has
 ted le... above linseed oil—10¢ per lb., De-
 0 bbl... r, Ill.

The one bright spot in the gloomy
 tals... is linseed oil, which at 9.3¢ per
 ce ch... Chicago, remains within normal
 and... bounds, usually considered 7¢-10¢. The
 which... grows 75% or more of its normal
 y what... needed requirements, and there is plenty
 filled... in Canada and the Argentine. The
 mak... government is currently reported plan-
 which... to bring more from the Argentine,
 Navy... as a good-neighborly act has within
 etic a... past two months cut the duty on
 lead;... Argentine and Canadian flaxseed
 pigme... from 65¢ per bu. to 37½¢.

42 SHOW SCHEDULE

Contrary to widespread predictions
 ore pa... next year's all-out defense effort
 er Am... will cause "a big drop" in the number
 on de... of industrial, commercial, and profes-
 has... sional expositions, there are 390 shows
 m ox... ed in the "Annual Schedule of Shows
 rele... Exhibits for 1942," just issued by
 e. Th... Exhibitors Advisory Council, Inc., 120
 duct... Greenwich St., New York—only 14
 for... more than the 404 listed for 1941. That
 the... there is no slackening of interest on the
 stry... part of exhibitors is shown by the fact
 % of... that 325 of them have already con-
 or ab... sidered for space in the biennial Chemi-
 ir ho... cal Industries Exposition, which opens
 l. Sec... a six-day run at Grand Central
 for... Station, New York, Dec. 1—twelve more
 bran... than the 313 exhibitors at the big 1939
 cars... show.



What would happen to your business
 if you stepped out from under?

IF YOU'RE a key executive with an
 important interest in a closely held
 corporation or partnership today,
 you're carrying quite a load. The
 tense times we're living in put more
 strain on a man.

What if a sudden accident or fatal
 illness knocked you out from under?
 Could the company keep going?
 Could it comfortably pay off your
 interest to your heirs?

Or would your whole investment
 be endangered and the estate you
 have accumulated for your wife or
 children put in jeopardy?

There's an easy way out for you
 —and for the other important execu-
 tives in your company. It's the New
 England Mutual "Business Stabiliza-
 tion Plan"—developed expressly to
 help corporations and partnerships
 bridge such situations safely.

We have a simple, comprehensive
 chart which will quickly show you
 the advantages of this plan. Call in
 a New England Mutual *Advanced*
Underwriter to explain its operation,
 or write to Boston for full informa-
 tion. Address George L. Hunt, Vice
 President, stating whether your firm
 is a partnership or corporation.

New England Mutual Life Insurance Company of Boston

George Willard Smith, President

Agencies in Principal Cities Coast to Coast

THE FIRST MUTUAL LIFE INSURANCE COMPANY CHARTERED IN AMERICA—1855

Pulling together for the

IT has been said many times how much the automobile has done with the shaping of America and the lives of its people.

Perhaps not enough has been said about the vital part it plays in the economy or the contribution automobile dealers have made and are making.

All over the country, willing hands are hard at work on products of goods needed for national strength and security.

Once these goods would have been made in factories with the workers' homes close by, so as to be within ready walking distance of the job.

Today, a parking lot for every modern factory is a first requirement. Men drive to work not only from the immediate neighborhood but from distances of twenty-five, thirty, thirty-five miles or more.

It is essential to these men—and to the country as well—that their cars be kept in good running order, and that they be able to get replacements when their present cars reach their last mile.

Here is where the services of the local automobile dealer are indispensable.

to the Good of All

He both sells and services cars — new cars and used cars. He is a source of personal transportation — dependable, daily transportation — at all prices and for all purposes. His service department is not confined merely to keeping cars running — it aims likewise to keep them efficient and therefore consuming the minimum of oil and gasoline.

Today, with new-car production curtailed, these supplementary services become more important than ever, to him and to you.

A real partner in progress with us, with his community and with his country, he is devoting his best efforts to his job — and thus pulling together with the rest of us for the good of all.



GENERAL MOTORS

CHEVROLET

PONTIAC

OLDSMOBILE

BUICK

CADILLAC

WHAT BEN FRANKLIN OVERLOOKED WHEN HE MADE HIS WILL

IN HIS will, Ben Franklin left \$5,000 to the City of Philadelphia for loans to workmen. Since then the fund has grown to more than \$144,000. But, because the terms laid down by Franklin were so strict, no one borrowed from the fund for 52 years.

To get a loan the workman had to be married, under 35, put up as security a first mortgage upon real estate in Philadelphia, and produce two "reputable" citizens to testify to his moral character.

It is a great credit to Franklin that he clearly recognized, so many years ago, that workers should have access to a source of cash credit. But Franklin could not foresee the many social changes that were to take place during the century and a half after his death. He could hardly anticipate that in the industrial society of today workers would have to be able to borrow on far simpler terms.

Where workers can borrow

To make loans on terms within the reach of working men and women is the job of the modern family finance company like Household Finance. Here workers can borrow from \$20 to \$300 for emergencies largely on character and earning ability. No endorser is needed. No wage assignment is taken. The loan is made in a simple, private transaction. Borrowers repay in small monthly installments. Last year Household made over 800,000 such loans to workers in all branches of industry.

The table below shows some typical loan plans. The borrower may choose the schedule which best fits his own situation. Payments include all charges. Charges are made at the rate of 2 1/4% per month (less in many territories on larger loans). Household's charges are below the maximum rates authorized by the Small Loan Laws of most states.

We will gladly send you more information about Household Finance service without obligation. Please use the coupon.

WHAT BORROWER GETS

	WHAT BORROWER REPAYS MONTHLY				
	2 payments	6 payments	12 payments	15 payments	18 payments
\$ 20	\$ 10.38	\$ 3.63	\$ 1.95		
50	25.94	9.08	4.87		
100	51.88	18.15	9.75	\$ 8.08	\$ 6.97
150	77.82	27.23	14.62	12.11	10.45
200	103.77	36.31	19.50	16.15	13.93
250	129.71	45.39	24.37	20.19	17.42
300	155.65	54.46	29.25	24.23	20.90

Above payments include charges of 2 1/4% per month and based on prompt payment are in effect in seven states. Due to local conditions, rates elsewhere vary slightly.

HOUSEHOLD FINANCE Corporation

Headquarters: 919 N. Michigan Ave., Chicago

One of America's leading family finance organizations, with 300 branches in 198 cities

HOUSEHOLD FINANCE CORPORATION, Dept. BW-11
919 N. Michigan Ave., Chicago, Ill.

Please tell me more about your loan service for wage earners—without obligation.

Name

Address

City State

Tools Sub for Skill

Facing an "impossible" job, makers of aircraft engines devise machines enabling green hands to do work of expert mechanics.

Substituting green hands for skilled mechanics and turning out letter-perfect airplane engines at high speed on home-made power tools is a cute trick if you can do it. That is exactly what the Jacobs Aircraft Engine Co. at Pottstown, Pa., is doing.

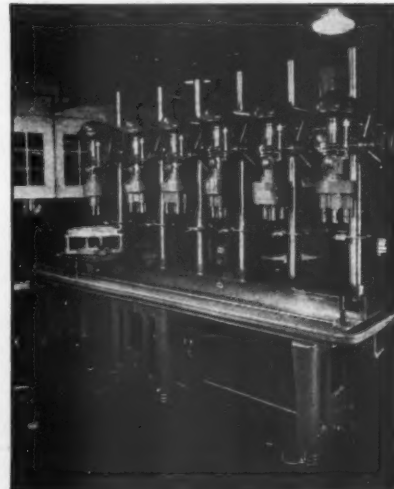
Last June the boys at Jacobs were in a jam. Until then, 160 workers were leisurely turning out a half-dozen engines (the 7-cylinder radial type) weekly. Suddenly an order came from the Royal Canadian Air Force for \$8,000,000 worth—pronto! It looked easy until the officials began scouting around for more tools and men.

• **Wait Your Turn**—It was the now familiar story: Step into the order line

Two groups of seven tappet holes in Jacobs aircraft engine crankcases (bottom) are drilled, chamfered, and reamed at one setting in a special drilling machine with seven standard 17-in. Delta-Milwaukee drill press heads. Since the groups lie in two planes and in different positions radially, the inner fixture of the machine is raised, lowered, and indexed to position with compressed air. In the special multiple drill press for rear engine plates (right), six standard Delta heads are used. A roller fixture carries a plate from one drill to the next.

and wait your turn. Drill presses and precision grinders would take months. Increasing the personnel with grade-A mechanics might take even longer. C. J. Abbot, president, and J. Story Smith and Albert R. Jacobs, vice-presidents, called in Donald F. Turner, factory manager, and C. E. Stetler, machine shop superintendent. "Machines? We'll make them," asserted Turner and Stetler.

Most of the drilling would be on aluminum and magnesium, and could be done with standard light power drills. The Delta Manufacturing Co., Milwaukee, wired back they had plenty. Turner ordered 200 drill press heads, asked Delta to send some engineers; within a month things began to take shape. Two months later the International Tool Co., Dayton, O., was casting the most radical set of tool mountings now to be seen on the seaboard. Army and Navy engineers, doubting reports of Jacobs Aircraft Engine Co.'s production line, still wander in for proof. Turner and Stet-



ler, knowing it took hours for a man to set up a casting on a fixture for each drilling operation, decided to substitute the precision of machines for mechanics' skill.

They supplied a drill press head for each operation, and for angle drilling, bolted fixtures in the right mathematical spot under each drill, let the casting fall into the only correct position on the fixture. A pull on the lowering lever does the rest.

When it came to the rear plate drilling, they went further. Six drill heads were mounted on a long table on which was fastened a rail with set-pin holes directly under multiple drill spindles, made and set correctly by the U. S. Drill Head Co., Cincinnati. Instead of lifting off the casting for each operation, it is now locked in position on a roller fixture, pushed under the first drill until the pin clicks in place, and the spinning drills are dropped.

• **Hours to Minutes**—What used to take a skilled man 2½ hours can now be done on the table in a few minutes by an average workman after brief explanation. Another item is cost. The table setup cost only \$6,000 and is doing a chore for which three radial drills, costing \$7,500 each, would be needed.

A plan for two machines to drill crankcase tappet guide holes was suggested and the tooling engineers, playing ball nicely to this point, studied the blueprint nightmare, and nearly balked. The Jacobs crowd wanted a unit utilizing seven Delta drill heads to bite simultaneously and horizontally into magnesium crankcases, then—moving both the crankcase casting and the drills by means of cams and compressed air—to bite seven more holes in different positions.

Not content, Turner and Stetler decided a similar machine drilling 14 tappet guide bolt holes, then 14 more by the flip of a lever, would be nice. The tool men crossed their fingers, but supplied the castings.

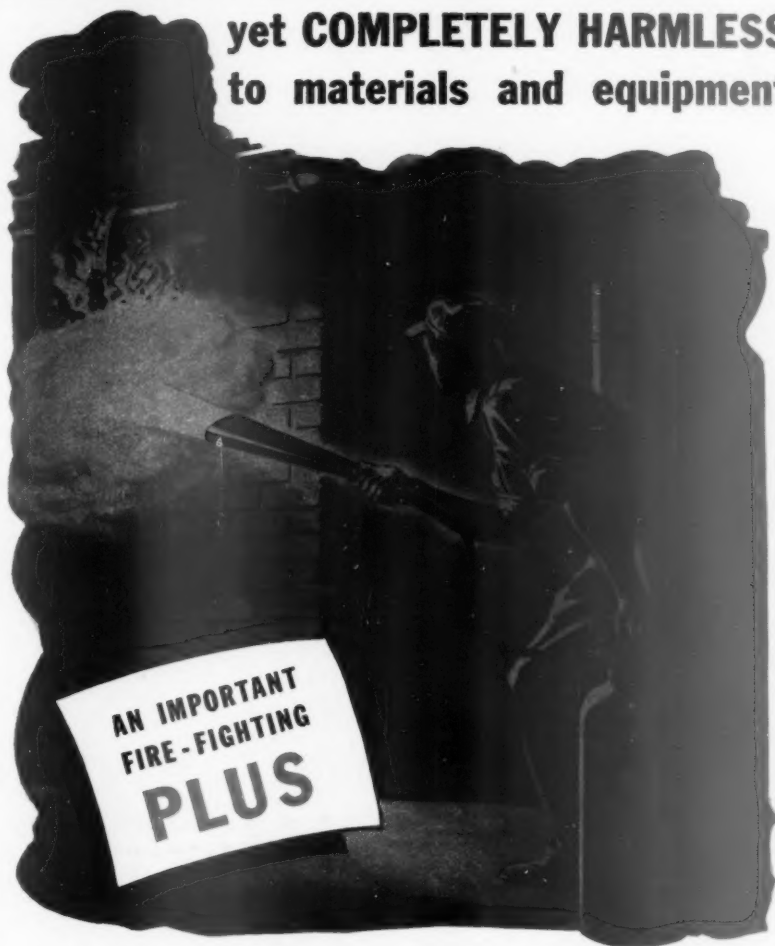
These machines not only work, but function faster and better than any method utilized previously for the crankcase drilling. The single handicap, intense fires, was overcome in the first few weeks. Tubing, supplying lard oil to lubricate the cutting, was too small and until a shower head was installed to drench the entire machine, the magnesium castings, hot from the friction of multiple drills, kept turning into giant flashlight bulbs.

• **Never Say Die**—Pièce de résistance is a drill which everyone but Turner and Stetler said flatly could not be. Faced with a shortage of grinding machines to cut twelve holes in each of the chrome nickel molybdenum master rods, the Jacobs people suggested drilling. Impossible, they were told, but Turner and Stetler decided to try.

The Excello Co., Detroit, agreed to

FEROCIOUS ON FIRES—

yet COMPLETELY HARMLESS
to materials and equipment



Here are the PLUS values in fire-fighting

- 1 LUX carbon dioxide gas is one of the fastest known extinguishing agents.
- 2 LUX extinguishers are effective on both electrical and flammable liquid fires.
- 3 LUX gas is clean, non-damaging, non-contaminating, non-toxic.
- 4 45,000% expansion drives LUX gas throughout fire area, despite obstructions.
- 5 Annual recharging is not necessary with LUX. Simply weigh periodically.
- 6 LUX service depots are maintained in principal cities.

DID you ever see a fire put out and wonder if the extinguisher didn't do more damage than fire itself? If everything's soaking wet, if materials have been contaminated, "extinguisher damage" is costly.

You don't have this problem with LUX carbon dioxide extinguishers. Though LUX is brutal to fires, it is gentle as a kitten to materials and equipment. LUX gas is completely dry, completely clean. LUX won't harm delicate mechanisms, won't contaminate materials in process.

Here's another fire fighting *plus* you get with LUX portable extinguishers, LUX built-in systems. LUX does no damage—yet it is sure death to fires. Make no mistake about *that!*

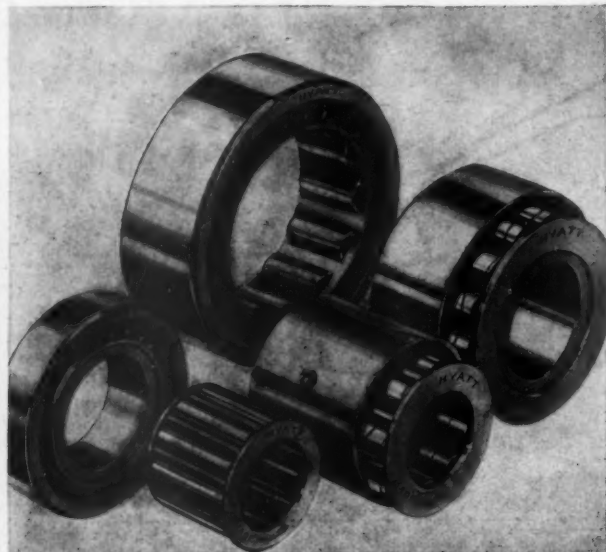


Walter Kidde & Company

Incorporated

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★ ★ KEEP THEM GOING WITH HYATTS ★ ★



**IN DEFENSE EQUIPMENT ON LAND
—ON SEA—AND IN THE AIR**

Precision built... great in capacity... Hyatt Roller Bearings are helping to lighten the loads of all mechanized defense equipment.

Meanwhile, Hyatts still are serving in their regular, and now more essential than ever, role of keeping free from bearing wear and care the machinery which produces this defense equipment.

Therefore remember, today as always, that where the loads are heavy and the going is tough you can depend on Hyatt Roller Bearings for any application.

Hyatt Bearings Division, General Motors Sales Corporation, Harrison, N. J., Chicago, Detroit, Pittsburgh, San Francisco.

HYATT

ROLLER BEARINGS

QUIET

experiment; sent a sample kit of drills and an engineer, who for several weeks shooed workmen and officials away from his allotted shop corner while he tinkered. He came upon one drill that cut two holes before it broke; changed the angle of the cutting edge a superfraction of an inch, then watched it cut thirty-five. Even then it didn't break; just needed sharpening.

● **Few Faulty Parts**—The drill, set at an angle in the chuck, scribes a hole, compass-like, through the rod, is accurate to the .00015 of an inch, and requires but 40 minutes to cut twelve holes. The old-style grinders required four hours, and they were less accurate. Few parts are turned back today after the test block runs.

At present, Jacobs, with 1,000 men instead of 160, is in the middle of \$27,000,000 in government orders and is turning out \$1,500,000 worth monthly. Next year, when its new \$13,000,000 plant is completed on Pottstown's outskirts, the company expects to boost monthly output to \$7,000,000. The motors, 245 and 330 hp., are used by the United States and Canada in twin-engine training planes to give student airmen a finished course in handling multi-motored bombers.

PLASTIC EYES

Practically every artificial eye used in this country is either made in Germany or blown from a very special German glass now cut off by the hazards of war (BW—Oct. 4 '41, p32). Hence it will be the best of news to wearers of "ocular prothesis" that plastic eyes are being made experimentally and successfully by Dr. Theodore J. Dimitry, director of the department of ophthalmology of Louisiana State University School of Medicine, New Orleans.

One of the acrylic resins (highly transparent plastics used in applications ranging from the observation blisters of warplanes to surgical instruments which "carry light around corners") is the material. It is not cast, but shaped and polished from the solid to fit the eye cavity. The iris coloring, the pupil, and the "white of the eye" are added by artists who can in a pinch work from color photographs of the natural companion eye.

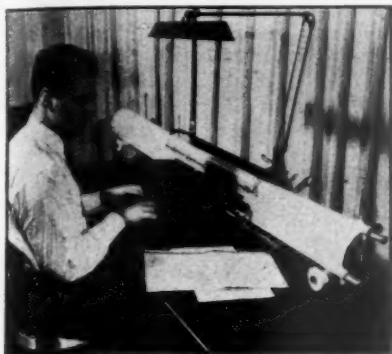
Unlike glass eyes, none of the new plastic ones has in experimental usage become roughened through the action of body acids, but if they do, they can be easily repolished to original condition. They can be washed in hot or cold water, do not irritate the eye socket, do not become discolored by tears, do not crack in cold weather or when dropped on the floor.

According to Dr. Dimitry, "these fabricated eyes are fully 80% machine made and can be turned out in mass production."

NEW PRODUCTS

Engineering Vari-Typer

One of the most tedious and time-consuming jobs of a drafting room is the hand-lettering of specifications, dimensions, and other data on tracings. To do this work quickly and mechanically, Ralph C. Coxhead Corp., 333 Sixth Ave., New York, has developed new Engineering Model Vari-Typers in several sizes to handle tracing cloth and paper up to 12 ft. in length. Basically,



the outfit is a standard "office composing machine" with changeable type faces plus special slides, rollers, etc., for handling the work.

Plastic Terrazzo Strips

Brass, bronze, zinc, or aluminum for the familiar strips which outline designs and localize minor cracks in terrazzo floors are all under priorities. To take their place and, if desired, to add a new note of color, the Manhattan Terrazzo Brass Strip Co., Inc., 1915 Park Ave., New York, is introducing Plastic Terrazzo Strips. They are extruded out of Tennessee Eastman Tenite by Extruded Plastics, Inc., Norwalk, Conn. Tests for wear indicate a life as long as that of metal.

High-Bay Light

Anyone who has had anything to do with cleaning the reflectors of orthodox "high bay" lights in steel mills, foundries, machine shops, auditoriums, etc., will appreciate the new Birdseye Concentrating Floodlight Bulb. As developed in a 1,500-watt industrial size and 12 smaller sizes by Wabash Appliance Corp., Birdseye Div., 335 Carroll St., Brooklyn, the light is "lined with pure polished silver to form a permanently brilliant reflector that cannot be dimmed by dirt, fumes, or smoke."

Safety Spectacles

Even though they are not engaged in industrial operations where the wearing of safety goggles is mandatory, a good



Why G-B Containers Speed Up OVERSEAS and OVERLAND SHIPMENTS

● Manufacturers of scores of different types of products have utilized General Box laboratories to keep their packing and shipping in step with faster production schedules.

General Boxes, Crates or specially designed containers have been developed to meet individual requirements. Standard containers such as the General All-Bound Box are being used to replace heavier, harder-to-handle boxes and barrels. Packing time is reduced because the General All-Bound is delivered two-thirds assembled. Lost motion is eliminated by the quick assembly and easy sealing of wires

already in position. Ample protection is provided yet tare weight has been reduced to a minimum.

The strategic location of General Box plants assures prompt service. Modern equipment and manufacturing methods enable "production line costs" which permit still further economies. Let us send you the new booklet showing how makers of products similar to yours, have gained important advantages by using General Box Company's laboratory service. Mail the coupon today.



GENERAL BOX COMPANY

General Offices: 502 N. Dearborn St., Chicago, Ill. District Offices and Plants: Brooklyn, Cincinnati, Detroit, East St. Louis, Kansas City, Louisville, Milwaukee, New Orleans, Sheboygan, Winchendon. Continental Box Company, Inc. Houston, Dallas.

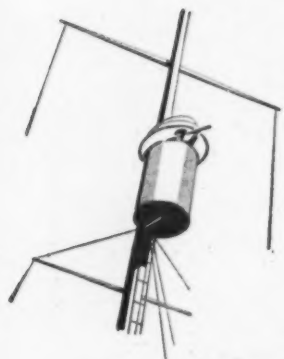
GENERAL BOX COMPANY
502 N. Dearborn St., Chicago, Ill.

- () Send a free copy of the new booklet "How Research Can Save \$5 for You."
- () Have a General Box engineer call.

Name.....

Address.....

City.....State.....



ON WATCH

for New Lanes to Post-War Industrial Security

In times like these, no industry dares to relax its vigilant lookout for product developments that may determine its future when this emergency is over.

With new metals coming into use and new equipment and processes developing, every modern advance in manufacturing should be studied to insure post-war profits.

That is why the eyes of many industrialists are turning toward Van Dorn—for 63 years a master of metal fabrication.

While the extensive Van Dorn production facilities of welding, heat treating and machining are chiefly engaged in defense work, the engineering staff of 45 technicians is looking ahead to the post-war period. Their services are available for your product development program now, without cost or obligation.

Van Dorn engineers will gladly make complete studies of your product for greater salability and for manufacturing economies. Call them in. It's not too early. Do it now.

THE VAN DORN
IRON WORKS COMPANY
2685 EAST 79th ST. • CLEVELAND, OHIO
Largest Jail Builders in America

many superintendents, foremen, inspectors, maintenance men, and plant visitors are exposed to various eye hazards. For these, the Univis Lens Co., Dayton, O., is bringing out the new Tulca "Su-



pervisor" Safety Spectacles. They look like regular rimless glasses, but they are equipped with shatter-proof Tulca plastic safety lenses, and can be equipped with side shields.

Two-Way Paper Dispenser

Some grades of corrugated wrapping paper can be torn from the roll easily with the aid of the regular straight-edge blade on a regular roll holder and dispenser. Since several other grades are too tough, brittle, or sticky for such a cutter, E. O. Bulman Mfg. Co., 1705 Elizabeth Ave., Grand Rapids, Mich., is equipping its new Double Feature Corrugated Paper Dispenser with a renewable razor blade cutter for difficult papers (including tar-lined wrapping and insulating paper) and a conventional tear-off blade.

Torchlight-Flashlight

The "Traf-O-Lite" in the policeman's hand is a new combination torchlight-flashlight designed especially for truck-



ers, busmen, and other motorists. The candle-like protuberance is a 5½-in. du Pont Lucite rod, lacquered a brilliant red to glow warningly through fog, rain, and snow. The end of the rod is left crystal clear to emit a strong spotlight. As made by Traf-O-Lite, P.O. Box 585, Oak Park, Ill., the light may be set on the ground or attached to a fender with a large suction cup on the base of the battery holder.

MARKETING

Food Men "Told"

Nelson warns industry that it can't expand. Manufacturers insist that it will be necessary because of farm program.

Used to thinking of foods as being in the necessity class, members of the Associated Grocery Manufacturers of America gathered in New York Nov. 5-7, for their 33rd annual convention, confident that the government would grant plant expansion materials to take care of increased consumer demand as well as lease-lend and military needs. Earlier reports from Washington to the effect that OPM was drawing a line between basic foods and so-called fancy groceries were dismissed with a smile as Food men arrived at hotel-corridor estimates that it would take a 10% over-all increase in facilities to handle 1942 business.

Their pipe dreams were not blasted until the final banquet session when Donald Nelson, executive director of the Supply Priorities and Allocations Board, dropped a bombshell: "Except where it is actually necessary for defense or for the health and safety of the civilian population, there is not going to be any expansion by your industry or any other. This industry, like others, is going to have to make out pretty much on the plant and equipment it now has until the emergency is over."

• **What Nelson Meant**—Although he did not go into details, those familiar with Washington knew what Nelson meant—materials for food plant expansion would be granted only where absolutely needed to provide basic dietary elements for the whole population or for lease-lend and the Army. Over-all industry priorities already has been granted for the manufacture of new milk-processing equipment—machinery necessary to turn the Agriculture Department's expanded milk production program (BW—Oct. 18'41, p. 33) into the type of foods, like dried skim milk and cheese, that can be sent to England.

• **"As Important as Bullets"**—A.G.M.A.'s re-elected President Paul Willis issued a defiant statement to the press immediately after Nelson's speech. Assuring the government of industry co-operation, he declared that food is as important as bullets; that the industry has been constantly expanding production during the past two years to meet ever-increasing demands and "we will continue to do so"; and that someone will have to make finished foods out of

don't know the answer to this one...



Somebody at Corning where all the bath-tub shaped pieces of glass that "wing-tip lights" go, and you'll be we don't know.

A hunch, but only a hunch, that aside from navigation lighting they are used for stop-plane and plane-to-land signaling. We don't much care. Our job is to turn jewel colored pieces of glass to exact dimensions, and turn 'em out fast.

Some time Corning is producing other aviation both military and civil. Glass instrument panel lighting, landing lights, and route beacons, flood lighting, runway field lighting, to mention only a few.

These are natural uses for glass and it is natural to turn to Corning with its wealth of experience for help on such problems. And lately, with the need to save metals, many business men who never considered glass before have found that Corning can help them by suggesting *new* uses for this fairly abundant material.

Glass can be made that is as strong as steel. Glass can be made that will resist extreme ranges of heat and cold. Glass can be made that will flex endlessly without fatigue. Corning knows about these glasses and many others, and is eager to work with manufacturers to see if glass won't do the job better and at lower cost.



If you have a problem, we will be glad to give it speedy consideration. Write Corning Glass Works, Corning, New York.

CORNING
—means—
Research in Glass

ENGINEERING
Sales Representatives Wanted!
for the MODERN
**INDUSTRIAL
FYR-FEEDER**
Cuts Coal Costs! Write
AMERICAN COAL BURNER CO. • CHICAGO
Builders of thousands of Over-Feed Stokers since 1918



"We can talk *privately* to our key-men on the most confidential matters with no chance for anyone to eaves-drop or interrupt."

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combine Privacy, Priority and Speed for the top executives in 10,000 American offices and factories, completely independent of traffic over the outside telephone system. To "Speed up Speed," ask for literature—or better still a demonstration on your desk.

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Here are 3 FREE Booklets that will Help Make Your Business Paper Advertising More Effective

"HOW TO HELP YOUR CUSTOMERS AND PROSPECTS"

A Guide Book for Business Paper Advertisers Today. 44 pages of actual examples of how other advertisers are meeting situations similar to yours today in their business paper copy.

"WHAT TO SAY IN YOUR BUSINESS PAPER ADVERTISING TODAY"

A Helpful Booklet and Wall Chart. An analysis and classification of the sales appeals being used by 70 representative advertisers to help meet Industry's "12 Most Pressing Problems"... based upon a study of 5,000 individual business paper advertisements.

"THE NEW ACCENTS IN INDUSTRIAL ADVERTISING"

Valuable Analysis of New Advertising Trends. 150 leading industrial advertisers "wrote" this 20-page booklet. It pictures the change in objectives brought about by today's conditions and states clearly, in a "Blue Print of Action Chart," just what course these 150 advertisers propose to pursue.

THEY'RE FREE! Write, on your letter-head, for your copies now.

McGraw-Hill Publishing Co., Inc.
330 West 42nd Street, New York, N. Y.

the Agriculture Department's increased farm production program (BW—Nov. 8 '41, p. 26). He concluded with the prediction that "when the time comes, Mr. Nielsen will agree with us and see to it that we get all the machinery and equipment we really need."

All the big guns in the government's defense nutrition program spoke, but the basic theme of their messages left the food men somewhat disturbed. They all talked about the great progress that could be made in nutrition by government-science-industry cooperation, but they indicated that industry's part in the program should consist of noncompetitive, cooperative, institutional advertising in behalf of nutrition generally rather than specific product promotion.

• **Cashing In on Vitamins**—On the brighter side, government nutrition speakers clearly indicated that they were willing to help the food industry cut in on the tremendous annual sales of vitamin concentrates—by promoting the idea that the average person can get sufficient vitamins and minerals from an adequate diet without going to expensive capsules.

The importance of vitamins in determining buying habits is highlighted by the following statistics, presented to the food men by A. C. Nielsen, market research authority.

The vitamin-concentrate market (in drug stores) is now approaching \$100,000,000 annually, with consumers paying around 86¢ per average package of vitamins A to D and over \$3 for vitamin B-complex.

Ninety-seven per cent of housewives say they have heard of vitamins; 54% believe that food can give all necessary vitamins; and 46% select food for vitamin content. From another angle, 49% of all families use vitamins—28% for children only, 13% for adults, and 8% for both children and adults. Biggest reason for this trend is the plugging and recommendations vitamins have received from physicians.

A recent checkup of the magazine advertising of 44 leading food manufacturers shows that they're devoting 47% of the money to plugging vitamins.

• **Expectations for 1941**—Expectations are that retail food sales for 1941 will prove to be the largest in history. Carl W. Dipman, editor of the Progressive Grocer, predicted that such sales will aggregate \$12,750,000,000, which will be \$1,400,000,000 above the 1940 volume and \$250,000,000 above the previous all-time high in 1929. The 1941 increase over 1940, he said, will run 12.5% and will be evenly divided between independents and chains.

Nielsen, however, deflated these figures somewhat by pointing out that, based on 1938 as 100, consumer income has gone up to 136, while grocery sales have gone up to only 117 on a dollar basis, and to only 109 on a tonnage

basis. Mr. Nielsen analyzed the food distribution picture as follows:

(1) Movement of foods to the consumer on a tonnage basis advanced 3% to 4% in the last year.

(2) The consumer is doing little hoarding and the retailer is not piling up inventory.

(3) The trend toward big outlets continues (BW—Aug. 30 '41, p. 34) and the stores are particularly important in the distribution of straight grocery items against meats and fresh produce.

(4) Advertised brands in general have failed to benefit from increased purchasing power, and retailers are withdrawing support from many lines of staples.

(5) Deals have tended toward consumer-plus rather than dealer-plus offers.

(6) Consumer buying may turn away from those ingredients used in kitchen preparation of foods as income increases and the housewife can afford to buy finished products.

• **Long-Term Problem**—Since A.C.M. is composed of the distributors of highly advertised national brands of foods, the group's major long-term problem is what to do about the chains who are charged with manipulation of nationally advertised brands to increase the sales of their own competitive private brand products.

Chains Besieged

National advertisers join independents in war on private brands; seek divorcement of retailing and manufacturing.

The shape of things to come in the unending warfare between chains and independents in the grocery field—largest retail terrain, composed of 400,000 units taking almost 25% out of every retail dollar—is beginning to make itself clear. Like the scraps of the past, the new one will see the independents attempting to blast the chains full of legal slugs via state and federal legislation. But the new drive will directly try to smooth out the differences in prices (wholesale or retail) between chains and independents. Instead, it will be aimed at divorcing the integrated manufacturing and wholesaling functions from retail chain store operation—a legislative objective which Rep. Patman, stalwart champion of the independent retailer, first visualized years ago (BW—Jan. 23 '37, p. 46) when it became apparent that enactment of the Robinson-Patman law, trimming the buying advantages of mass distributors would inevitably force the chains to do more of their own manufacturing for their private brand lines.

• **Two Big Reasons**—There are two reasons why there is marked revival of interest in the Patman plan for putting

the food retailers, who find the fabric of control legislation which they have in the past decade badly torn—(41,p8)—and the producers of nationally advertised food brands, who find the practice of the private brand more menacing in a time of rising prices.

to Manufacturers—Last week, Wesley Dunn, counsel to the National Grocery Manufacturers of America, sounded the reveille for manufacturers by telling the A.G.M.A. that plenty of private brand advertising is contrary to the anti-trust laws because it unfairly freezes the channels of distribution against the advertised brands.

Specific examples mentioned by Dunn include: brand substitution, deletion of advertised brands, unfair comparisons, insufficient inclusions on advertised brands, false advertising, use of private brands to crush competitors or beat down preferential store displays. He said that present state antitrust laws, an inadequate remedy against a pattern or conduct of the private business in intrastate commerce," have to be revamped.

the Legislatures—Thus history of itself, and the next big drive is channeled into the state legislatures where the independents won resounding victories in the enactment of the fair trade and unfair practices. The new drive even begins in the same state where the other two had their start—California. The "fair trade" measure didn't muster enough support for passage in Sacramento last year, but the proposed Anti-Retail Chain Act tells exactly what's to come. The key section reads:

It shall be unlawful for any person conducting a retail business in the State of California and selling therein at retail articles or commodities which are in fair and open competition with articles or commodities of the same general class sold by others at retail in the State of California, to enter into any contract, directly or indirectly, the manufacture, production or packaging of such class of articles or commodities or other articles or commodities which would be in fair and open competition with commodities of the same general class sold at retail by other persons and sell at retail in the retail stores conducted in California by such persons such articles or commodities so manufactured, produced or packaged.

Exemption—Exempt from the foregoing provision is the retailing of goods by a manufacturer-retailer one outlet per county (which undoubtedly would give a manufacturer one outlet per county). Penalty for criminal offense is \$100 and/or a six months jail sentence. Additionally, "any person, or association, or district attorney" may seek for injunctive relief. A similar

measure has made its bow in Michigan.

The momentum behind laws such as this is a long time gathering, and independents are hoping for quicker relief from—of all places—the Department of Justice. Recently the D. of J. let it be known that "the entire range of complaints against corporate chains is under investigation in what we believe is the most comprehensive inquiry into the activities of the chain stores which has ever been undertaken in this country." Included in this probe are wholesaling activities, alleged systematic price-cutting to drive out the independents, reputed division of the national market into non-competing spheres of influence among the large corporate chains, and possible manipulation of private brand prices to the detriment of nationally advertised brands.

● **In Congress**—Meantime, Congress also has had a foretaste of what will be asked in Washington by way of federal legislation to break up the integration of chains. Biggest emphasis here will not be on manufacturing, but on wholesaling or brokerage and commission activities. One proposed bill, sponsored by Rep. Frank H. Buck, Calif., and ostensibly aimed at the big fruit and vegetable cooperative which A. & P. has been putting together (BW—Dec. 14 '40,p38), would make it unlawful:

... for any commission merchant, dealer, or broker who is affiliated by direct or indirect ownership or control with any dealer purchasing or receiving perishable agricultural commodities and selling more than one-third (by volume) thereof at retail, to act as a commission merchant or broker for, or to buy any perishable agricultural commodities for resale to, any dealer except the retail dealer with whom it is so affiliated, or for any such dealer to sell perishable agricultural commodities in carloads or in wholesale or jobbing quantities.

That such a bill wouldn't be lacking of support among certain government agencies is the prediction of Washington observers. In the eyes of the Federal Trade Commission and the Department of Justice, there apparently is some doubt as to how a captive commission house can sell both its parent chain and outside customers without encountering economic contradiction.

● **Utah Tax Law**—And not to be overlooked as one more drop of woe in the chains' overflowing cup is the latest trend in anti-chain taxes as exemplified by the law passed in Utah (and due for referendum next year—BW—Mar. 29 '41,p31). Not only does this legislation clap the usual tax on chains, but it imposes an additional special penalty virtually freezing chains at the current level of development. Thus, if a chain numbering from 10 to 100 units (not necessarily all in Utah) wants to add another outlet in Utah, it must pay a \$500 annual tax on that addition. For chains with over 500 units, the tax is \$5,000 annually per new outlet.

NEW

Streamlined

Passenger Coaches



Announcing the operation of new streamlined coaches on "The Pocahontas" and "The Cavalier" — crack east-west passenger trains of the Norfolk and Western Railway — coaches that are rightly described as the last word in luxurious, streamlined, air-conditioned travel facilities between the Midwest and the Virginia Seacoast.

Smooth and quiet, the N. & W.'s new streamlined cars are equipped with the most modern safety devices, travel comforts and conveniences . . . rotating, individually reclining seats that are soft and restful; comfortable footrests . . . fluorescent lights with independent switches over each seat . . . unusually wide, double plate glass windows, permitting an unobstructed view of the lovely countryside traversed by the N. & W.'s fast trains . . . modernly appointed lounge rooms for men and women . . . beautiful color schemes and striking murals. In short, the maximum in coach rail travel — at no "extra fare".

To this new streamlined equipment, add an unexcelled dining car service, attractively appointed lounge cars, modern sleeping cars, and you have "The Pocahontas" and "The Cavalier" — two really fine trains!

For a new travel thrill, choose "The Pocahontas" or "The Cavalier" for your next trip between the Midwest and the Virginia Seacoast . . . It's the smart, modern way to go!

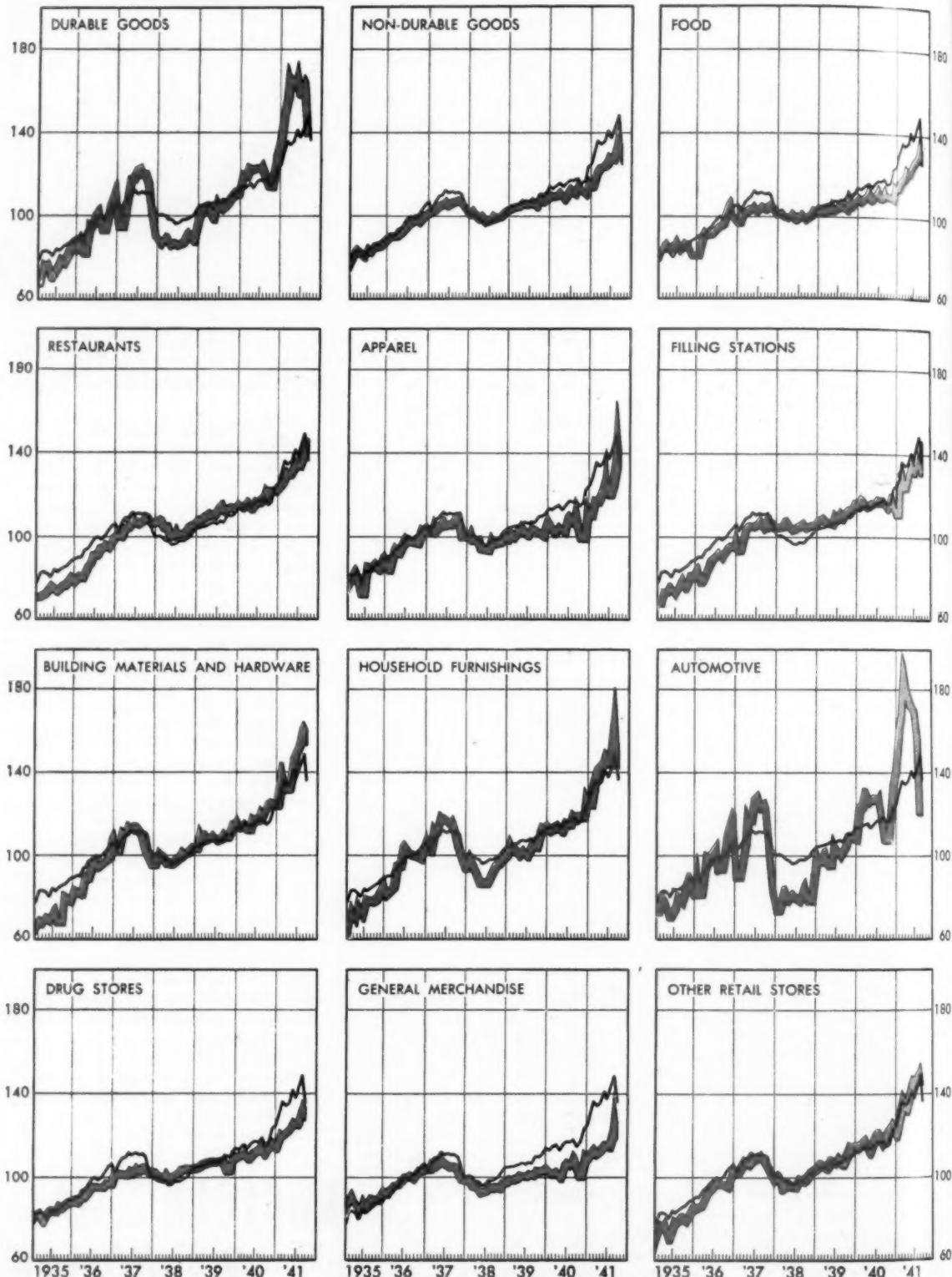
NORFOLK and WESTERN

Railway

DIVERGENT TRENDS IN RETAIL SALES

From Foods and Wearing Apparel to Automobiles and Building Materials

(1935-39=100, adjusted for seasonal variation)



Data: Department of Commerce

Index of
ALL Retail Sales

Indexes of Retail Sales
by Class of Merchandise

© BUSINESS WEEK

Merry Christmas

That's how it looks to the
 filers, particularly on soft-
 goods lines. Chief problems are
 get help, cut packaging.

New York City last week a top-
 department-store merchandising
 manager bet one of his colleagues a
 sum of money that, dollarwise, this
 Christmas wouldn't be more than 10%
 over than last. The wager is note-
 worthy because the retail trade regards
 as darkly pessimistic.

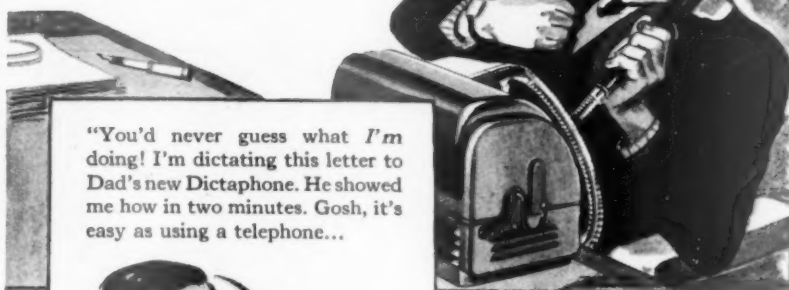
10% limit on the increase over last
 year which was plenty good, might
 be to be nothing to weep about. Ac-
 cording to it would be. On Nov. 1, the Fair-
 index of retail prices showed a
 4% gain over 1940. This reflects an
 sharper price rise at wholesale
 prices. Thus, if Christmas dollar busi-
 ness rose only 10%, unit sales would
 be off, and, more importantly, so would
 profits.

So Such Thing—Retailers generally
 aren't figuring on any such piddling
 savings. Total national income pay-
 ments for September were 19.4% bet-
 ter than a year ago. Farm cash income
 this year is expected to top '40's total
 by a good 23% (BW—Nov. 8'41, p. 26).
 In a time of increasing prosperity and
 rising prices, retail sales normally run
 ahead of income payments (page 92).
 Merchants figure that this extra coin
 can be translated into a spending orgy
 that will make 1929's record load on the
 nation's Christmas trees look trifling
 in comparison.

Such rare gloom as that expressed by
 a New York executive is based on
 facts: The cost of living is catching
 up with rising income (BW—Oct. 25'41,
 p. 10); consumers spent frantically in
 July and August, in the wake of the silk-
 stocking scare (BW—Aug. 30'41, p. 33).
 Again in some lines, to beat the Oct.
 deadline for increased manufacturers'
 excise taxes and retail levies (BW—Oct.
 1'41, p. 48). Their pocketbooks and
 their energies may be exhausted. In
 addition, a few consumers should be
 looking ahead in their calendars
 for the Mar. 15 income tax return. Mor-
 thau's ideas about a blanket 15%
 income tax (page 7), to be deducted by
 employers, don't make good sales talk.

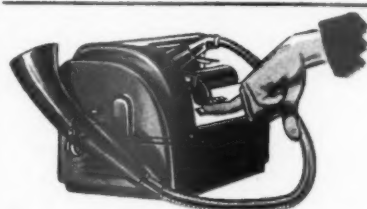
Stocks Up—But the retailers aren't
 looking for trouble yet. The Federal
 Reserve Board index of department store
 sales for September, up 31.4% over
 the same month last year, is a good key
 to their confidence. With buying the
 way it has been in the past few weeks
 department-store sales for the four
 weeks ending Nov. 1 were only 11%
 ahead of the same period in 1940) the
 sales ratio ordinarily would be re-

"Mr. Eldridge T. Priddle.. Dear Butch—"



"To start, all you do is press a button
 on the speaking tube...and begin to
 talk. There's a warning buzzer that
 buzzes if the recorder is not in the
 correct position.

"S'pose you want to hear what
 you've just dictated...okay, just
 lift a little lever at the right,
 press the button...and gee whiz,
 you can listen back to your own
 voice!



"When you come to the end of a letter
 or want to make a correction, you press
 keys that make marks on a pad. The
 girl who types knows just how long the
 letter is, or she's warned to be on the
 lookout for a change. This Dictaphone
 dictating machine thinks of everything.

"Dad told me this Dictaphone method has
 made his job about 100% easier, and Miss
 Bowen, who heard him, said: 'Don't forget
 me... make it 200%'. ...Anyway, look at all
 the time and effort I've just saved. Boy, am I
 going to have a Dictaphone when I grow up!"



Today, more than ever before, business needs Dictaphone's action-getting ease. There's
 no time to waste on old methods, with Defense calling for faster mental production.
 Try this modern dictating machine yourself. No obligation—just mail the coupon!

DICTAPHONE

DICTAPHONE CORPORATION, 420 Lexington Ave., N. Y. C.
 In Canada: Dictaphone Corp. Ltd., 86 Richmond St., W., Toronto

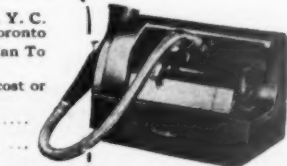
☐ Please send me free copy of "Business Expects Every Man To
 Do His Duty."

☐ I should like to try Dictaphone in my own office without cost or
 obligation.

Name

Company

Address



The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories
 to which said Trade-Mark is Applied.



RESOLVED

The Resolutions Committee for the 46th annual Congress of American Industry met in New York last week to lay the groundwork for this year's meeting of the National Association of Manufacturers at the Waldorf-Astoria Hotel on Dec. 1. (At the committee meeting, above: Walter Geist, vice-president, Allis-Chalmers Manufacturing Co., Milwaukee, Wis.;

Charles E. Wilson, president, General Electric Co., N. Y. C.; J. E. Baker, president and treasurer, Baker-Cammack Hosiery Mills, Burlington, N. C.; Redfield Proctor, president, Vermont Marble Co., Proctor, Vt.) President Walter D. Fuller of the N.A.M. last week informed members that this year's meeting would be no "brass hat" convention, promised "genuine, shirt-sleeve talks about organizing and spreading production."

garded as unfavorable. However, the general feeling is that it's just about right to take care of Christmas.

If the July-September spending binge had not relaxed (page 56), retailers probably would now be seriously worried about shortages in some lines for the Christmas trade. As it is, there will be enough of almost everything to go around, though a severe post-holiday pinch is inevitable as defense output gains at the expense of consumer goods.

• **Soft-Goods Christmas**—All in all, most retailers are figuring that this will be a "soft goods" Christmas—wearing apparel, jewelry, perfumes and cosmetics, sporting goods. Another likely bet is that the really heavy spending will be concentrated on comparatively inexpensive items. This because most of the surplus cash is in the hands of lower-income group, wage-earning families. This Christmas should be a whooper for variety stores.

If the defense program is not yet making itself noticeable in serious shortages at the retail level, its impact will be felt elsewhere this Christmas by consumers and retailers alike. Notably, extra sales help is difficult to come by in some areas, almost impossible. Most

retailers started Christmas hiring several weeks early this year. Many department stores which once ignored state employment services are now besieging them with requests. Even institutions for the handicapped are being combed for non-selling help.

• **Cutting Services**—Many retailers took the gasoline crisis as a cue for trimming delivery services (always a nuisance and a gobble of overhead). One-a-day deliveries, charges for "specials," deliveries of C.O.D.'s and small purchases are becoming general practices. Some stores are charging for returns of small merchandise. Customers are being encouraged to take packages with them—thus saving the store on both labor and packaging.

Packaging is by far the biggest Christmas headache. In a special bulletin, the National Retail Dry Goods Association has urged retailers to help the paper conservation program by keeping gift wrapping at a minimum. Some of the N.R.D.G.A.'s suggestions: (1) Wrap soft merchandise in bags instead of folding boxes, (2) Use less chipboard for stuffing, (3) Eliminate outside wrap and inner white wrap on Christmas boxes, (4) Use manufacturers' boxes for cus-

tomers delivery, (5) Charge customers for gift-wrapping services.

• **Credit Caution**—A few stores, anticipating wholesale defaults on charge accounts come Mar. 15, are tightening credit terms. John Wanamaker's, which has encouraged charge its New York customers to pay November bills in January, has announced that they will be due in December this year. A group of Miami stores is considering charging interest on past due accounts.

These moves are still chiefly interesting as an indication of what may be ahead. The retailers' immediate plan center on the idea that Christmas 1944 will be a buster.

WLW's Seal Plan

Radio station's guarantee based on tests by representative consumers, is now applicable to premiums as well as products.

While the promotional and good-will aspects of product guarantees, such as Good Housekeeping's seal, are a recognized talking point for both advertiser and advertising medium, Good Housekeeping's colleagues in the seal business have been few and far between. Not only does such a program involve a ponderous testing setup, but it might, as in the case of Good Housekeeping, also involve a run-in with the Federal Trade Commission (BW—Aug. 30/41, p42). In short, it's a ticklish business.

This week, however, a newcomer in the guarantee field is undertaking an expansion in a novel "Consumer Foundation," and announcing that its seal henceforth will apply to premiums as well as products. The newcomer is radio station WLW, Cincinnati, and what makes its venture doubly interesting is the fact that radio ordinarily eschews anything as complicated as seals, hates to stick its neck out where ticklishness is even remotely involved.

• **Human Guinea Pigs**—But on the latter score, WLW thinks it's safe. The seal itself (which applies only to advertising claims) is backed up by more than a thousand human guinea pigs, and therein is supposed to lie its bulwark of safety. Here's how the system works:

In 94 Ohio, Indiana, Kentucky, and West Virginia communities, WLW has rounded up 1,093 representative and consumer-conscious housewives to serve as product-jury sans pay. When an advertiser wants the accuracy of his plugging tested, the jury gets a sample of the product, uses it a week or two, then fills out a questionnaire asking a raft of significant questions based on the advertiser's copy. If this test turns out satisfactorily (the advertiser is not al-



"TIME COUNTS!"

"TIME COUNTS," too, in emergencies due to burglary, forgery, employee dishonesty or negligence . . . in the home, on the highway and in all manner of businesses throughout the country. Are you certain *you* are fully protected against these threats to individual and corporate security . . . by a strong continent wide organization equipped to render instant service . . . everywhere? For an expert analysis of your own situation, consult our local representative . . . today.

AMERICAN SURETY COMPANY

HOME OFFICES: 100 BROADWAY, NEW YORK



NEW YORK CASUALTY COMPANY

Both Companies write FIDELITY • SURETY • CASUALTY



DOES YOUR LETTERHEAD SAY *"we present with pride?"*

"All clear!" calls the pilot at the take-off. And the Martin B-26 climbs to its top speed of far greater than 300 miles per hour. Fastest and most powerful medium bomber in the skies. Pride of the Army Air Corps and The Glenn L. Martin Company.

And for their correspondence, that important point of business contact, Martin uses Strathmore paper. Every letter they write says clearly, quickly, "We are proud of the work we are doing." And Strathmore Paper will say the same of you and your business...in every letter you write.

A letter on STRATHMORE BOND, or on STRATHMORE WRITING, costs less than 1% more than a letter written on the cheapest paper you might buy. And on STRATHMORE PARCHMENT, or STRATHMORE SCRIPT, as fine papers as can be made, a letter costs only 2.9% more. Such plus value, for so little cost difference, is sound business economy.

Strathmore Paper Company, West Springfield, Massachusetts

STRATHMORE

MAKERS
OF FINE
PAPERS

lowed to see the completed tabulations because enthusiasm over favorable results might result in undue pepping-up of copy) WLW allows the sponsor to brag, "This product is approved by the WLW Consumers' Foundation." Additionally, the advertiser gets a "Foundation Seal of Approval."

• **Troubles That Are Averted**—The plan eliminates the headache of laboratory-work and all the legal technicalities associated with product guarantees. Advertisers aren't charged for the service, nor need they necessarily be WLW clients. Meantime the housewives' interest in the plan is stimulated by daily broadcasts.

Premium-testing, now added to the foregoing project (which has been operative since the first of this year), will follow identical lines. Regular WLW advertisers may optionally use the service, may also include the "Premium Seal" in their newspaper and magazine advertising. For direct-sale advertisers (those making a definite sales bid via the ether) the plan is mandatory. As an added inducement, WLW is promising advertisers that mention of premium approval in their radio copy will not be counted as commercial plugging (that is, the advertiser isn't charged for this verbiage), and network advertisers will be able to get cut-in announcements free of charge.

Milk by Half Gallon

Safeway chain goes beyond earlier marketing experiments with two-quart containers. California competitors use idea.

This month the Safeway Stores grocery chain is checking over the results of a six-month-old experiment in Los Angeles designed to sell more milk by packaging it in half-gallon containers, tempting the customer with cheaper prices. Whatever the results of the checkup, the idea seems to have possibilities, for Safeway is now quietly introducing the out-sized package in the San Francisco area, while at least three competitors are making moves in the same direction. All of which would indicate that it's quite possible Safeway's huge empire—lately expanded to include New York (BW—Oct. 4 '41, p. 36)—may soon blossom out with milk in the doubly-big containers.

• **Saving of 1¢ to 3¢**—In California (where competitive pricing is fixed by the State Department of Agriculture) a single quart of milk sells for 13¢. When two quarts are bought in one transaction, the price is 12¢. But Safeway's half-gallon sells for 23¢, thus saving the consumer from 1¢ to 3¢ per purchase. In the interim, Safeway hasn't aban-

done the standard quart containers, of course, but the idea is that the consumer will soon see how he can effect a saving. Furthermore, like all oversized packages, the milk container is supposed to increase consumption in the aggregate.

If and when Safeway expands this policy on any big scale, however, there'll undoubtedly be a couple of obstacles which need to be whittled down. First of all, Safeway so far has been using fiber containers which means that a problem of equipment and machinery may develop, not only for Safeway but also for any competitors who follow suit. (On the other hand, glass containers would probably alleviate this situation if used in combination with the fiber packages.)

● **Sniping by Middlemen**—More embarrassing by far are the squawks and sniping from big milk middlemen which are sure to follow in the wake of any expansion. In New York, for instance, radical upsets in the milk price-structure might easily be brought about (with all the headaches that would entail). New York is not entirely unfamiliar with half-gallon containers—Borden, Sheffield and others have been using them on wagon-delivery orders with a cent-a-quart differential—but aside from such wagon-sales and a slight reduction in retail prices for simultaneous multiple purchases, New York's milk distributors have never been confronted by a competitive price-factor such as Safeway now has on tap.

Hence a spread of the Safeway policy undoubtedly will have plenty of competitive repercussions. However, Safeway's past record also indicates that warfare has never been known to cause the chain to shy away from a snappy merchandising policy.

Grief at the Pumps

Gas stations get plenty of service jobs, but labor and price problems thin out ranks of Iowa Plan operators.

The run-of-mine automobile owner is worried as a result of the months-long publicity about priorities and reduced manufacturing schedules, plus recent announcements of price boosts. He is convinced that he has to make the old bus last longer than ever before.

The evidence is unmistakable from his gas-station behavior. Without any sales or advertising prods, regular customers ever since midsummer have been leaning out the car window to inquire of the station manager whether they should not really get complete grease jobs every 1,000 miles instead of trying to stretch it, and whether a wax job right now would not keep the body fin-

CAN A CHAIR STIMULATE THINKING?



Postur-tively Yes!

A DO/MORE CHAIR enables the busy executive to devote a larger share of his energy to WORK... Erect comfort stimulates thinking. GOOD POSTURE—promoted by Domore's scientific design—tends to foster alertness... helps important men work faster, more easily.

CUSTOM FITTED by your Domore representative—who helps you select chairs, and adjusts each for a new, higher degree of chair comfort. Call him today—or write for our new Booklet D-58 on DO/MORE Chairs and the Triple Service Plan.

Domore Chair Company, Inc.
Franklin Street, Elkhart, Indiana.

DO/MORE
Executive Chairs

Goodbye to File Folders that
SAG and LEAN!

Outfit your 1942 files with
new-style **HANGING**
folders — *Can't slump!
Always upright!*

FILING IS 20% FASTER!

Start 1942 with new style Oxford Pendaflex hanging folders in all files. Amazingly efficient—4 girls will do the work of 5—with less fatigue, less misfiling. Actually 20% faster. Finding is VISUAL, not MANUAL, every folder tab always in plain view. Cut your 1942 filing costs, speed up your 1942 filing 20% with Oxford Pendaflex hanging folders. See Pendaflex at your Office Supply Dealer. Write today for Pendaflex leaflet.

OXFORD FILING SUPPLY CO.
347 Morgan Avenue, Brooklyn, N.Y.

* Reg. U. S. Pat. Off.



OXford
PENDAFLEX*



SKILSAW ELECTRIC TOOLS

MAKE AMERICA'S HANDS

MORE PRODUCTIVE!



The **EXTRA** POWER in SKILSAW DRILLS means **EXTRA** SPEED in your production!

More than ever before, you need SKILSAW DRILLS now to punch holes in every bottleneck . . . to speed your entire production flow! There's extra power built into SKILSAW DRILLS for faster drilling in assembly work, in heaviest boring and reaming. Yet, SKILSAW DRILLS are lighter and more compact . . . better-balanced and easier to use. They cost less to maintain, but are priced no higher than ordinary drills!

Among the 22 SKILSAW DRILLS, you will find models designed for every drilling job in your plant. Ask your distributor to demonstrate SKILSAW DRILLS on your own work . . . TODAY!



SKILSAW
9 Models



DRILLS
22 Models



DISC SANDERS
5 Models



BELT SANDERS
4 Models

ALSO BLOWERS • HAND AND BENCH GRINDERS • FLOOR SANDERS

SKILSAW PORTABLE ELECTRIC TOOLS

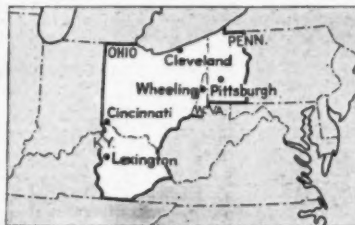
Sold by leading distributors of
hardware and industrial supplies

BUILT BY SKILSAW, INC., CHICAGO

The Regional Market Outlook

CLEVELAND (Income Index—141.6; Month ago—140.6; Year ago—117.4)—Business activity generally in the district continues to advance despite priorities and curtailment orders.

One area little affected is western Pennsylvania. In such towns as New Castle, Sharon, and Farrell, operations in railroad equipment, electrical machinery, and other metal-working plants are rising steadily. New steel mills are under construction at Homestead, Brad-



74,027 sq. mi.

pop. 11,809,528

RICHMOND (Income Index—149.7; Month Ago—147.5; Year Ago—123.3)—Income in this district has risen at about the national rate over the past year and prospects favor continuance of the uptrend. However, with nondefense industries stabilized, armament centers alone show outstanding promise.

In the Carolinas, now that the big cantonments have been built, Wilmington, N. C. (ships), Badin, N. C. (aluminum), and Charleston, S. C. (ships), and a few heavy-goods towns and army base sites, are the major defense spots.

In the north, however, a good many centers promise sharp sales gains, chiefly (1) the Baltimore industrial area, including Sparrows Pt., Edgewood, and Middle River; (2) Washington, D. C., and its environs, Alexandria, Va., Indianhead, Md., etc., and (3) the Hampton Roads cities of Norfolk, Portsmouth, and Newport News. Smaller "hot spots" are Hagerstown, Md. (air-

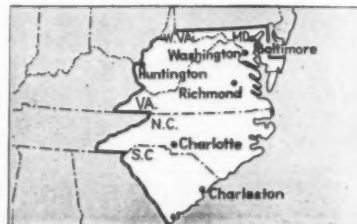
dock, and Duquesne (BW—Aug. 16 '41, p58), and additional capacity around Pittsburgh is scheduled. Defense expansion calls for a propeller factory at Beaver, a TNT plant at Geneva, and facilities for ship machinery at Erie.

Even in "priorities cities" in the western part of the district, dislocations are being offset by arms acceleration. In Mansfield, Ohio, electrical appliance workers will shift to shell production there or to factories in nearby Ashland, Galion, and Bucyrus. In Toledo, tank, propeller, shell, and ordnance plant jobs will take up slack caused by the drop in automotive operations.

Income is advancing steadily, but moderately, in the hill country of southern Ohio and eastern Kentucky (BW—May 17 '41, p58). Awards for a chemical plant at South Point, Ohio, and an army depot at Richmond, Ky., will help. Payrolls have shot up in Harlan coal areas; but farm income lags.

Morgantown, W. Va. (ammonia) and **Charles Town, W. Va.** (army depot)—all in the northern tip of the district; also **Charleston, W. Va.** (ordnance, chemicals), and **Radford-Pulaski, Va.** (ordnance)—in the west.

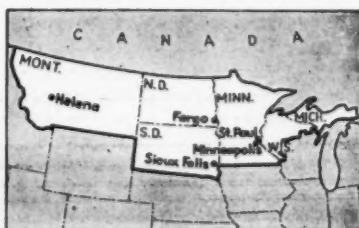
Except in Maryland and northern North Carolina, farm income has been spotty. Livestock and crop prices have been up sharply, but feed production is off, pastures are parched, and the cotton pick is sharply lower than a year ago.



152,471 sq. mi.

pop. 12,330,219

TWIN CITIES (Income Index—133.8; Month Ago—132.9; Year Ago—112.4)—Major urban centers in this reserve district will be more active than usual this winter. In the Twin Cities, employment and payrolls will be lifted by armament work. Around Hibbing and Elv, Minn., Ashland, Wis., and Ironton, Mich., retail trade has already reflected the record iron ore mining of the past season. And preparation for digging even greater tonnages next year will buoy



412,304 sq. mi.

pop. 5,542,966

payrolls during the coming months.

Duluth, Minn.-Superior, Wis., the chief iron port at the head of the lakes, has likewise benefited from this season's peak shipments. Winter activity in that center (of some 150,000 population) will continue to advance with accelerating shipbuilding, freight-car repair, and steel operations.

Through the winter, livestock and dairy products will be the major source of farm income. Prices and volume are up and pasturage conditions have improved recently. Even so, the rural areas dependent on meat and milk—central Wisconsin, most of Minnesota, and Montana—are apt to lag behind the armament areas. In North and South Dakota (BW—Sep. 13 '41, p54), however, farm receipts have been exceptional, and retail sales should continue well above average. For the district as a whole, income gains over a year ago are likely to run close to national average.

sh presentable for an extra year or so.
● **Cashing In**—Alert operators are cashing in on this trend. The independent interstate chain of Chicago last month plastered its pumps with posters proclaiming that its 21 stations had lubricated 18,258 ears in August—almost a 50% increase over August, 1940. The same order of increase has been felt on all jobs intended to make a jalopy keep its vigor to a ripe old age.

Refiners' automotive sales managers audibly wish that their outlets were matching Interstate's records, but say that the averages have been extremely satisfying. One major company estimates a 35% boost in number of grease jobs, a 20% boost in crank-case drains, and a 15% boost in waxing among several hundred of its better units.

● **Headaches, Too**—This epidemic of service sales is not an undiluted joy to the station operator, however. At times it gives him a splitting headache because he lacks the employees to do the work promptly. His labor problem, which was tough last spring (BW—May 31'41,p49) keeps getting tougher. Wages of platform men, lubricating men, and other station workers are up at least 20% over 1940 as a national average. They are even higher in defense-plant neighborhoods.

The one big hurdle that nobody has been able to remove satisfactorily—though Secretary Ickes helped in the East with his gasoline curfew—is that service stations necessitate six- or seven-day weeks, evening shifts, and other working conditions that do not fit in with the preferences of the youngsters who make the best station attendants.

● **Forced to Close Earlier**—Some of the super-service chains operated by the big tire companies have already been forced by labor shortage to a six-day schedule closing at 8 p.m., with perhaps one night man on duty for emergencies. This plays hob with the super's trade, because the owl-trade driver can still get what he needs at some little station around the corner that caters to truckers. Voluntary curfew agreements are being agitated almost everywhere. One is already being tried out in Oklahoma, but the curbstone judgment of veteran marketers is that no curfew will hold without a set of government teeth.

The same condition is shifting an appreciable number of stations from the Iowa Plan (operator-leased) back to the salaried-manager plan, even though the Iowa plan seems strongly favored in principle (BW—Oct.21'39,p33). The shift is right now strongest in regions where defense industries and gasoline price wars are both present. Illinois and Iowa are currently excellent examples. The munitions plants cause the labor shortage which is the immediate occasion for giving up Iowa Plan operations. But the basic reason goes back to the price wars, and hence to an under-

All right if you keep it locked up



Keep your car tucked away in the garage, out of traffic's hazards, and you can do without automobile liability insurance. But you bought your car to be used! Dare you risk the loss of savings, home, and months of income through a single uninsured accident?

Free your mind of worry. Insure with Standard of Detroit. Then, if you become involved in an accident, Standard will act in your behalf and, when lawful claims result, pay damages to the limits of your policy.

Standard Service, Standard Selective Ratings and the Safe Driver Reward all combine to provide utmost security, wherever you go, at low cost.

This nation-wide company also guards home and business against loss through burglary; embezzlement; injuries to you, your employees and the public; and similar hazards. Your local Standard agent or broker is ready to show you why Standard Service Satisfies.

STANDARD ACCIDENT INSURANCE COMPANY

Standard Service Satisfies . . . Since 1884

lying weakness which may eventually scuttle the leased-station plan.

• **Company Advantage** — Throughout the Middle West, company-managed stations can earn a profit and still hold employees by paying wage scales that many one-station operators cannot afford. The difference comes in the price policy. The companies know that 4¢ to 4½¢ is the gasoline margin neces-

sary to keep a station out of the red. They hold their stations to about this mark-up and raise wages as they have to.

But the small business man often finds it impossible to stand out thus stubbornly against cut-price competition. So he marks down his pump prices to meet the trackside operator up the road. This cuts his margin, and he begins losing money or barely getting by. Soon he cannot pay going wage rates, and his best help departs.

After a few seven-day weeks of working 16 hours a day on the platform, the Iowa-Plan operator may either throw up his lease or else get behind with his gasoline bill and have to be taken over. To an experienced filling-station boss who has been through this ordeal, regular working hours and a company-paid salary higher than his former earnings look like a modest version of Heaven.

FCC'S PIGEONHOLE

Barely had the Federal Communications Commission issued its "antimonopoly" rules last spring when the National

Broadcasting Co., Columbia Broadcasting System, and National Assn. of Broadcasters steamed up the Senate Interstate Commerce Committee to investigate the whole radio legal structure (BW—Jun.7'41,p41). Result: The new rules went into a pigeonhole.

When this Senate storm more or less blew itself out, the FCC rewrote the rules in several minor respects, but left them the same in one major respect—they were still painfully tough on NBC and CBS. So the two major networks recently filed injunction suits in New York (BW—Nov.8'41,p8). Result: The rules, as of this week, are once again in the pigeonhole.

Specifically, the FCC (which is to be defended in the court proceedings by the Department of Justice) has entered into a stipulation with the chains' counsel providing that the regulations, slated to be effective Nov. 15, will be in abeyance until the court rules on the injunction motion. Net result of this procedure is that NBC and CBS get a little more breathing space from the so-called "death sentence," also a little more leeway for Congress to lambast the much-lambasted FCC. But one thing the networks won't get—and that's any sympathy from Thurman Arnold's anti-trust division which has been directing hawk-like glances at the whole protracted affair.

NEW BUSINESS

Defense High-Sign

One steel sheet looks pretty much like another steel sheet. That's why the American Rolling Mill Co. is using special routing cards, patriotically printed in red, white, and blue, on all defense orders. The big (8½" x 11") tricolored cards, accompanying the steel from the time it's rolled until it's shipped, make it easy for workers to identify defense steel, give it precedence.

Movie Furniture

Nobody needs to be told about the potent influence that movie stars' wardrobes exert on women's dress styles. Now four topnotch designers of furniture and fittings for the films—William Cameron Menzies, Miss Julia Heron, Travis Banton, Ray See—have decided that home furnishings can also be profitably promoted under the magic Hollywood cachet. The Hollywood influence will appear, however, not in reproductions of pieces designed for any particular film, but in two or more ensembles yearly which will embody the latest ideas of big-name people who are constantly designing for the studios.

Organized as Prevue Furniture Ensembles (6253 Hollywood Blvd.) the de-

MODERN MANUFACTURING PLANT FOR SALE 50,000 SQUARE FEET

Located at Warren, Ohio, on the Erie Railroad, midway between Cleveland and Pittsburgh, seven miles from the new Ravenna Arsenal. Rugged construction. Rail and truck facilities. 11 acre area.

Write for Low Price.

THE RECOVERY REALTY COMPANY

1200 City Bank Bldg. • Youngstown, Ohio

MOBILIFT

KEEPS MATERIALS ON THE MOVE LIKE A POWERFUL GIANT



★ "Keep 'em Rolling!" that is industry's cry of the hour. Put MOBILIFT on the job for untiring, day after day, systematic handling operation. MOBILIFTS are making manpower more productive and improving working conditions. MOBILIFTS' prices begin around \$1100, factory, and cost less than 15c an hour to operate... they are small but powerful... lift, stack to ceilings and carry goods up to one ton. Forks lift to 9 ft. Work in narrow aisles, trucks, freight cars and elevators. Greater maneuverability is attained due to MOBILIFT'S transmission principle which eliminates gear shifting. Put MOBILIFTS on your job now. A MOBILIFT engineer, near you, will outline a system to speed up your handling problems. Write factory for his name and literature.

Vaughan Motor Company
874 S. E. Main Portland, Oregon

MOBILIFT

Broadcast
Assn. of
Senate In-
to inves-
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The new

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941

signers gave their first showing in Holly-wood last month. Styles from this exhibit, which featured "Modern Traditional," a stylized Regency, and "Chinese Modern," will reach the public at the February retail openings after going through the Chicago shows this month. Manufacturing is being done by such established firms as Aulsbrook & Jones Furniture Co., Sturgis, Mich.; Leoblin, Inc., Kent, O.; Bigelow-Sanford Carpet Co., New York; and Moss Rose Manufacturing Co., Philadelphia.

Cheese Cake—New Style

While processed cheeses have long been sold to consumers in individual packages, housewives have bought natural, unprocessed Swiss and American cheese by telling the corner grocer to slice half-a-pound or so off his wheel. Because it ages with time, natural cheese must be protected against mold by a thick rind of paraffin on cheese-cloth. No other type of packaging protection has thus far been found satisfactory.

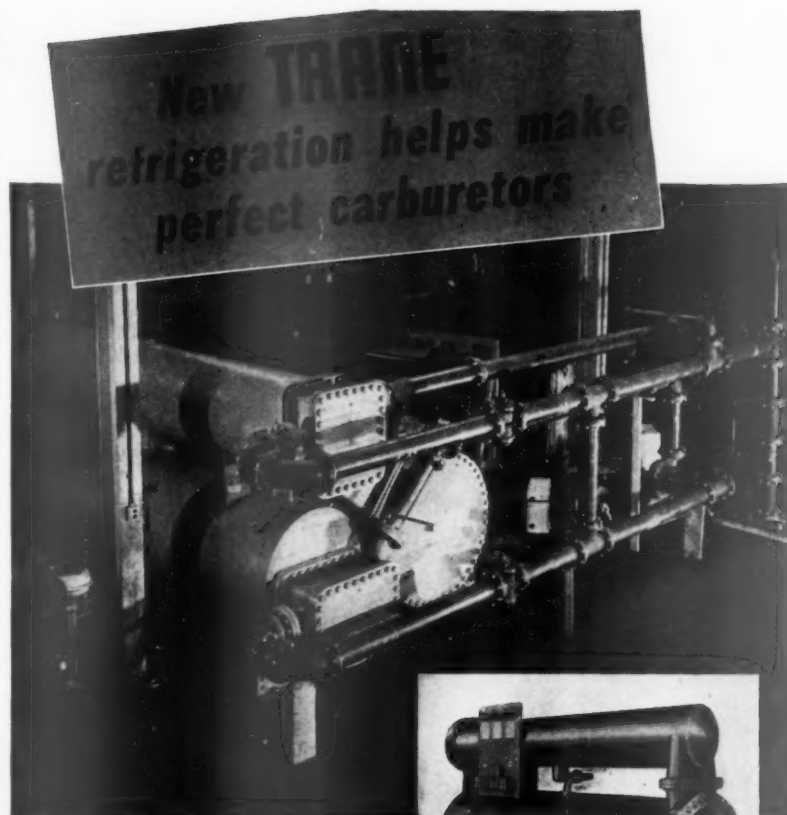
Now, the Cheese Producers Marketing Association, Monticello, Wis., an-



nounces that it will center its Christmas sales program around one-pound packages of Wisconsin Swiss and American cheese, wrapped in Pliofilm. Pliofilm staves off the mold, but allows gases to escape while the cheese is curing.

Chop Suey for the Army

A Los Angeles food canner noticed not long ago that soldiers, sailors, marines or flyers on leave often headed for a chop suey parlor. "Why not chop suey in the rations?" Peter S. Hyun asked himself; his Oriental Food Products Co., Los Angeles (4100 South Broadway) packs bean sprouts and soy sauce. So he began introductory work in the Army's Ninth Corps area, which comprises the western states and Alaska, with the result, he says, that the Army now includes chop suey in rations once a week and the Navy, Marine Corps, and air services are also using it.



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THE WASHWORD OF INDUSTRY

LABOR & MANAGEMENT

Labor Law Test

Rail unions' strike threat challenges value of remedy that has been widely prescribed as cure for defense troubles.

When President Roosevelt's "emergency fact finding board" offered its recommendations for the settlement of the wage dispute between rail labor organizations and carriers last week (BW—Nov. 8'41, p. 7), the unions called them "disappointing." How the roads and the security markets felt about them was evidenced by the sharp spurt in prices of railroad issues on the New York Stock Exchange.

• **Quick Reverse**—But before the market men could profit by the advance from prices which had discounted more costly recommendations, the advance was wiped out. The unions had rejected a settlement on the board's terms and announced their intention to strike after the 30-day "cooling off" period imposed on them by the law.

That threat, at such a time, made it abundantly clear that this law—the Railway Labor Act of 1926—was heading for an acid test of its value as a model for strike-prevention legislation. If the mandates in the RLA are not effective in

preventing the rail strike called for Dec. 7, not only will the defense program face general paralysis but all the most seriously considered proposals for minimizing labor trouble in defense industries will have lost their base.

• **No Major Strike**—In calculating the possibilities of averting a rail strike, and in assessing the efficacy of the RLA, the fact that there has been no major strike in steam transportation since the passage of the law fifteen years ago is given considerable weight. A forthcoming research report on collective bargaining to be issued by the Twentieth Century Fund notes, in a chapter on railway labor, that "in ten of the fifteen years since the enactment of the RLA there have been no strikes at all. In each of three years, 1928, 1929, and 1936, there was one small strike. In 1937 there was one small strike, one that was somewhat more serious, and two minor stoppages."

As differentiated from the Wagner Act, the RLA imposes positive duties on carriers and employees alike, defines rights, and makes provision for their protection, prescribes methods of settling various types of disputes, and establishes agencies for adjusting differences. Whereas labor legislation as originally applied to railroads—and it has a 50-year history—made no attempt to differentiate between the various types of labor controversies but treated them as if they



The emergency fact-finding board set up by President Roosevelt to study the threatened railroad strike presented its recommendations to the

White House last week. The board (left to right): W. L. Morse, chairman, J. C. Bonbright, Huston Thompson, T. R. Powell, and J. H. Willits.

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were all of a kind, the act of 1926 clearly distinguishes different kinds of disputes, recognizes the differences in the principles which underlie them, and provides different methods and separate agencies for handling the various kinds.

Waiting Period Imposed—The current controversy over the unions' demand for a 30% wage increase is a dispute over terms which should be incorporated in a new contract. RLA makes it necessary for either of the parties seeking such a change in existing contract terms, to give at least 30 days' written notice of intended change and to agree, within ten days, on a time and place for holding a conference between the parties involved.

If an agreement is not reached in face-to-face bargaining, as was the case in the present dispute, RLA provides for intervention by the National Mediation Board—a three-man panel appointed by the President to administer the act. If NMB's mediation efforts prove unsuccessful, it must attempt to induce the parties to submit their dispute to arbitration, acceptance of which is not mandatory on either party. If arbitration is turned down, as in the present case, the board is required to notify the President and the law leaves the next step to him.

President's Move—The President may either attempt to mediate himself or, if he is convinced that the parties are irreconcilable, he may name an "emergency fact finding board" which will make recommendations to him for settling the dispute. In the present case, having the union's "30% increase or strike" vote before him (BW—Sep. 13'41, p8) Mr. Roosevelt lost no time in appointing such a board.

The Railway Labor Act requires that the fact-finding board report to the President within 30 days and disallows strikes for a period extending through 30 days after the report has been made. It is in this final 30-day strike-ban period which the present rail controversy now rests.

Since the passage of RLA, there have been 20 disputes sufficiently serious to warrant the appointment of an emergency fact finding board. Since the nineteenth such board reported on the 30% wage increase demand last week, a 20th has been named to investigate the jurisdictional strike involving two A.F.L. unions and the Railway Express Agency in Detroit (BW—Oct. 11'41, p14).

Also NRAB—The National Mediation Board handles an average of 200 cases a year. About half of these are representation cases—usually settled by election of a bargaining agency for employees. The rest involve contract negotiation. Hundreds of additional controversies, arising over the interpretation of contracts already agreed on, are adjusted by another RLA agency,

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called the National Railroad Adjustment Board, which sits as an industrial court and makes decisions which are binding on both parties and enforced by federal courts.

This National Railroad Adjustment Board is composed of 36 members, 18 selected by the carriers, 18 by the unions. Salaries of members are paid by the parties they represent, but the board's staff and all other expenses are paid by the government. While NRAAB handles only controversies over the terms of completed contracts and thus played no part in the current dispute, it is usually considered the keystone in Railway Labor Act's structure for labor peace.

• **Works for New Industry**—More than 1,000,000 wage earners, employees of railroads and airlines, have their labor relations regulated by the elaborate procedures of the Railway Labor Act. Labor leaders, anxious to stave off application of similar regulatory measures to other industries, have asserted that RLA's efficiency has depended on an industrial situation in which collective bargaining has a long history and unionism is practically complete. But countering this is the fact that the law has worked just as effectively in the new air transportation industry as in the railroad industry with its long maturity in the ways of collective bargaining. (Some industrial critics also complain that such a law guarantees settlement of wage claims by tactical compromise and tends to encourage padding of claims to allow for this.)

Proponents of the law's extension to the troubled defense industries insist that it is the regulatory provisions of RLA rather than the historical process which have made labor relations stable in transportation. And if the act can successfully weather the present test, there is a real likelihood that the question of how well it will work may be put to a far broader one.

CANADIAN BOYCOTT ENDED

An international labor incident involving the Ford Motor Co. plants in Windsor, Ont. and Dearborn, Mich., ended quietly this week when the Congress of Industrial Organizations called off a three-day boycott that was threatening the production of Canadian war equipment.

Trouble began when management of the Windsor plant refused to recognize C.I.O.'s United Automobile Workers Union as bargaining agent for 10,500 Canadian employees. To back up the Windsor union's demands, U.A.W. put an embargo on the shipment of axles from Dearborn. On Monday, Canada's Labor Minister, Norman McLarty, announced that Windsor employees would decide in a government-conducted election whether they wanted to be repre-

sented by U.A.W. or not. Confident of the outcome, the Windsor group induced its sister local in Detroit to call off the embargo.

Welding a Peace

OPM meetings will try to work out formula to keep Coast welders on job. Solution may be universal transfer card.

In conferences scheduled to begin next week under the auspices of Sidney Hillman, OPM will attempt to iron out the bitter controversy between Pacific Coast welders and the A.F.L. Metal Trades Department.

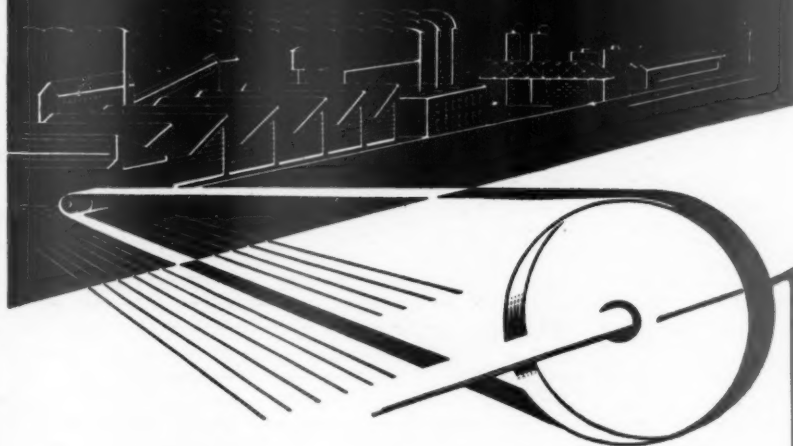
Chief cause of the scrap which, before the OPM meetings were proposed, had hauled some 3,000 welders out of shipyards in Seattle, Tacoma, and Los Angeles, is the welders' demand that they be given a separate international charter by the A.F.L. instead of being blanketed into various unions in the Metal Trades Department. Coast observers believed this week that the temper of the welders is such that unless some peace formula is worked out in Washington the men will walk back off their jobs and again hold up work on about \$625,000,000 of naval and merchant marine ship construction. As a matter of fact, some of the men were inclined to reverse their back-to-work movement this week—even before the OPM meetings could begin—claiming that they were being prevented from returning to their jobs by A.F.L. opponents.

• **Separate Show**—The strike pulled last week by the scrappy United Aircraft Welders at the Lockheed, Vega, and Consolidated Aircraft plants in Southern California, which Hillman has tagged as "an outlaw, wildcat proposition" and "a definite interference with national defense," has nothing to do with the welders' struggle within the A.F.L., and is an entirely separate show.

The aircraft welders pride themselves on their independence and have refused to affiliate with either the A.F.L. or the C.I.O. Their current walkout in Southern California is an attempt to obtain separate bargaining rights in plants where they are now included in A.F.L. Machinists' contracts.

• **Demand Independence**—The non-aircraft welders on the Coast contend they have been refused their own craft international within the A.F.L. by the A.F.L. and, as a result, must carry cards in several unions and pay multiple dues in order to work. Since the A.F.L. refused to entertain their plea at the recent convention in Seattle, the welders have refused to pay further A.F.L. per capita dues and have gone into an

making the wheels go 'round...



On November 1st, one year ago, this bank had loans of \$57,445,000. On November 1st this year the amount was \$69,400,000 . . . and a large part of this 20% increase is being used to "make the wheels go 'round" for national defense.

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independent organization called the United Welders, Cutters, and Helpers of America.

As explained by K. V. Morris, national president of U.W.C.H.A., the position of a shipyard welder (or welder, as the independent union insists on calling them) is this: He may be working on the hull of a ship and must have a boilermakers' card. Thus equipped, he can work until he comes to a spot where a pipe goes through the hull. He can't touch that part unless he also has a card in the steamfitters' union. His alternative is to knock off and find a welder with a steamfitters' card. If there is an electrical connection to be welded at that same location, he has to hold an electricians' card or find a welder who



SHORT-CIRCUIT

Dan Tobin, Teamsters Union head, A.F.L. hierarch, labor member of the national committee of the Democratic Party and (by his own testimony) intimate of Franklin D. Roosevelt, pulled a John L. Lewis last week. He turned down two direct requests from the President to send 60 of his striking members back to work for the Railway Express Agency in Detroit—claiming that his strike was a jurisdictional dispute with A.F.L.'s Railway Clerks Union over which the A.F.L. alone had jurisdiction. Because the dispute seriously impeded the movement of defense materials (BW—Oct. 25'41,p14), Roosevelt short-circuited Tobin by invoking the Railway Labor Act, and appointed an "emergency fact-finding board." This action makes a strike illegal for 30 days (page 66). Tobin was thus left with no alternative and the strike was called off Monday. Next step in settling the dispute will be recommendations to the President by the board.

carries one. It is not uncommon for welders to carry as many as a half dozen different cards paying dues ranging from \$4 to \$15 a month on each.

Traditional A.F.L. position has been that welding is a tool, not an occupation, and that welders must belong to the union which has jurisdiction over the job on which the tool is being used.

• **Transfer Card**—To resolve this dilemma, it is believed that a universal transfer card will be proposed at next week's Washington conferences—that is, a card that would enable workers to transfer from job to job without carrying cards in all the metal trades unions. To this solution, the A.F.L. will probably have one major objection—that apprentices who are newly trained and have never belonged to a union would “shop around” for the union with the lowest initiation fees and dues, would join that one, and then would transfer when they got a job.

Washington's answer undoubtedly will be to propose a requirement that workers with no previous union affiliation be required to join the union which has a contract where their first job is, then make them pay the difference in case they transfer to another job where the union fee is higher.

• **Almost Coastwide**—Before announcement last week of the Washington meetings, about 1700 welders had been on strike for about two weeks in Seattle and Tacoma shipyards. In San Francisco, there had been no actual walk-out despite strike threats of local units of the U.W.C.H.A., but welders employed by the Todd-California Shipyards near Oakland petitioned the NLRB for independent bargaining rights and voted to leave the combination of A.F.L. unions of which they have been members.

In Los Angeles (prior to the call for the OPM conference) the welders' walk-out had forced the Consolidated Steel Corp. (13,000 employees) to close, but the plant was reopened on Nov. 7 following Hillman's announcement. At the California Shipbuilding Co., 90% of 1,300 striking welders had returned to work by Saturday.

• **C.I.O. Files Suit**—Interesting sidelight of the Los Angeles situation was the filing of a suit last week in Superior Court by five C.I.O. unions representing oil, steel, shipbuilding, stevedoring, construction, automobile, and agricultural workers. They asked for an injunction against the two striking welders' groups, the U.W.C.H.A. and the United Aircraft Welders, to stop them from raiding their organizations.

• **Plane Welders**—The United Aircraft Welders has locals in Southern California plane plants at Douglas, Vultee, North American, Northrop, Ryan, and Solar, in addition to Lockheed, Vega, and Consolidated where strikes were initiated last week. Threatened strikes



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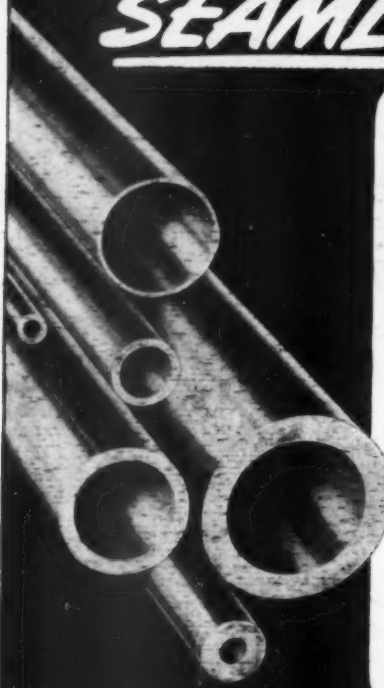
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Labor and Management • 73

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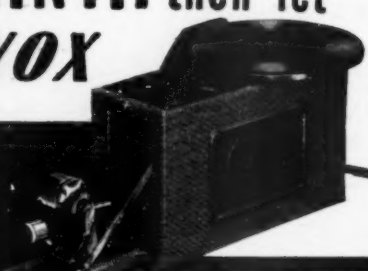
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at the former plants, except Northrop, were postponed on Sunday.

Officials of the three struck plants maintained this week that only 150 welders out of 4,800 left their jobs and that vacancies have been filled by "craftsmen who volunteered from other departments."

LIBEL BY I.L.G.W.U.?

For more than a year and a half, the International Ladies Garment Workers Union has picketed Gantner & Matterm, in one of San Francisco's longest picketing operations. The union's complaint, as filed with the National Labor Relations Board, was that the company had locked out and discriminated against employees because they were union members. The board unanimously ruled these charges invalid after a hearing before a trial examiner who found that the firm had a contract with I.L.G.W.U. Last week, Gantner & Matterm filed suit in Superior Court in San Francisco against I.L.G.W.U., David Dubinsky, its president, and other union officials for \$1,750,000 damages, which the company claims resulted from "an alleged conspiracy to damage the firm's reputation and to ruin its business by a series of libelous publications extending over a period of more than a year."

TEST FOR "M. OF M."

The calm that descended on Kearny, N. J., after the Navy took over the giant shipyard of Federal Shipbuilding & Dry Dock Co. (BW—Aug. 30'41.p15) was broken last week by C.I.O.'s Industrial Union of Marine and Shipbuilding Workers. The union wants 20 workers fired who have either been delinquent in their dues or who have participated in acts judged by the union to be "treasonable and disloyal." Under the "maintenance of membership" award which the National Defense Mediation Board ordered and which Federal did not accept, Federal workers who join the union must maintain themselves in good standing or be fired.

When the Navy took over it announced that the plant would be run in line with the NDMB recommendation. The list of 20 names drawn up by the union last week will afford the first test of how "m. of m." works. Admiral Bowen, in charge at Kearny, referred the union's petition to NDMB, said he would be bound by whatever it directed him to do. NDMB, anxious to clear up the matter before trouble ensued and it could be charged that "m. of m." fomented labor unrest, quickly named a special representative to investigate the union's case. There is little doubt that, if the claims can be substantiated, NDMB will order discharges and Bowen will carry through

NDMB's Quietus?

If C.I.O. boycott continues, board may be supplanted by new agency empowered to act whether union is willing or not.

Barring a coal strike (page 14), the most important immediate effect of the National Defense Mediation Board's decision in the captive-mine case may well be the dissolution of the board itself. There was much to suggest that in rendering its decision on the miners' claims the board had written its own obituary. On Tuesday, seven C.I.O. men, members and alternates of NDMB, announced their resignation. On Wednesday, board panels were scheduled to hear two cases involving C.I.O. units (in International Harvester and Bell Aircraft plants). Neither C.I.O. panel members nor C.I.O. union representatives appeared.

Although, for the first time since its creation, NDMB had at midweek no cases before it involving strikes in progress, its docket was loaded with 24 disputes, many of which have to do with strikes that were postponed when NDMB agreed to intervene. C.I.O. unions are parties to 21 of the pending cases.

• **A Side Street?**—The C.I.O. boycott leaves the board in a position to get cooperation only in cases affecting management and A.F.L. unions. Because, outside of construction, most important labor disputes impeding defense are in C.I.O.-organized industries, NDMB will be patrolling a side street. The boycott is, however, still informal. It will be discussed at next week's C.I.O. convention in Detroit.

If, as seems likely, the C.I.O. makes its boycott national policy, NDMB as now constituted is done. Best guess is that it will be supplanted by an agency empowered to act in all threatening defense labor situations, whether the union wishes it or not. With labor participation thus enforced, it is expected that the successor of the Defense Mediation Board will have neither labor nor employer members—only "public representatives."

• **Throttling Strikes**—But before the new pattern shakes down, a fresh wave of strikes may threaten. That they will be dealt with summarily by the Administration is now taken for granted. As an earnest of what may be expected, the sharp action of the Navy in crushing the A.F.L. building-trades strike in San Diego is a case in point.

When the strike was called last week end, sailors and marines prevented picketing, government offices began recruiting new workers. By Wednesday, strikers went back to work.



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The directors of Chrysler Corporation have declared a dividend of one dollar and fifty cents (\$1.50) per share on the outstanding common stock, payable December 12, 1941, to stockholders of record at the close of business November 12, 1941.

B. E. HUTCHINSON
Chairman, Finance Committee

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New, free treatise shows how to get greater rust protection for less money... An unbiased, authoritative summary. Write to American Hot Dip Galvanizers Association, Inc., Pittsburgh, Pa.

FINANCE

Freeze-Outs Hit

Congressional committee-men prove receptive to argument of I.B.A. against private placement of new bond issues.

Changes in the federal securities act to discourage private placement of new issues are now regarded as pretty likely. Hearings on the question of broad revision of the truth-in-securities laws before the House Interstate and Foreign Commerce Committee reveal widespread opposition to this practice of dividing up big issues among a handful of large institutional investors.

Spearheading the drive for the Investment Bankers Association is R. McLean Stewart of Harriman Ripley & Co., who testified at the end of last week and again on Wednesday of this week. But, even more important than the attitude of the underwriting houses (everybody has known all along where they stood), is the quite apparent disposition of several committee members to do something about the matter.

• **Public Frozen Out?**—Questions by committee members (financial men are remarking very favorably on the caliber of the questioning) bring out the fact that they believe the public is being frozen out of the choicest investments. It's the old argument the bankers have used all along—if a corporation offers a refunding issue and it is bought by four or five insurance companies, the holders of the bonds to be paid off have no chance to reinstate their investment.

As a partial remedy for this, the financial industry offers, and the Securities and Exchange Commission poses no objections, an amendment to require SEC registration of all new issues over \$3,000,000. The thought is that registration costs and the liabilities devolving upon officers and directors in registration has motivated by-passing of the SEC by means of private placement.

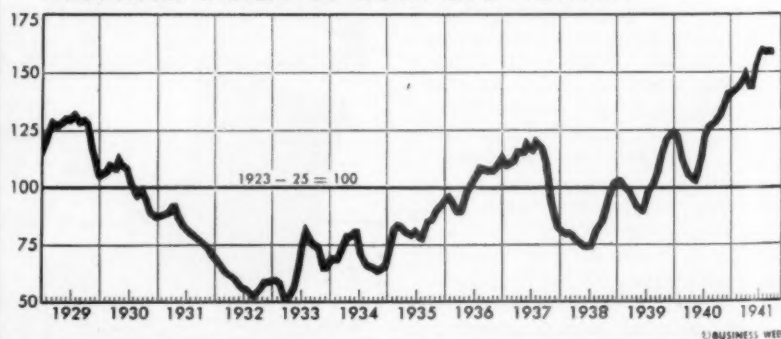
• **Not a Shutout**—This amendment would not shut large investors off from the chance of buying up whole issues, as was proved in the recent case when three insurance companies bought up the entire issue of more than \$90,000,000 of American Telephone & Telegraph debentures (BW—Oct. 4 '41, p. 59). Those bonds not only had been registered, they were sold on competitive bids.

There is strong favor for any sort of measure that would preclude transactions such as that involving the A.T. & T. issue. It's a difficult matter, however. The big insurance companies, for the most part, have indicated they would abandon the practice of direct bidding. This does not prevent them, however, from appointing some investment house to bid as their agent.

• **Loss of Fees**—Aside from the fact that the public gets frozen out in both private placements and direct sales, the bankers have a dollars-and-cents interest in the solution to the whole problem. The underwriters, obviously, are losing fees—not that Washington will shed many tears over the woes of the larger banking houses. There is the point, nevertheless, that the small dealers are starving to death.

When the underwriters negotiate a

MONTHLY INDEX OF BUSINESS ACTIVITY



Business Week's Index of Business Activity, which has been revised to reflect defense production (BW—Nov. 1 '41, p. 14) lost half a point last month, dropped to 159.5 from 160.0 in September. The October, 1940,

index was 135.6. The *Annalist* Monthly Business Index (adjusted for long-term growth) stood at 126.7 in September as compared with 129.3 in August, and with 111.9 in September of last year.



SAVING FOR DEFENSE

With the M-3 medium tank from Baldwin Locomotive Works as an appropriate background, Philadelphia puts on a special Armistice Day sale of defense savings stamps. Savings stamps and bonds so far this year have sold about \$1,190,000,000.

deal privately, they try to get a price that will allow them a markup of \$2 on the \$100. Of this, they give about \$1.25 to a dealer on bonds he sells. When they buy on competitive bids, they rarely get a markup of more than 75¢, and the dealer is lucky to get 50¢. And when the bonds go directly to the insurance companies, the dealers get nothing at all.

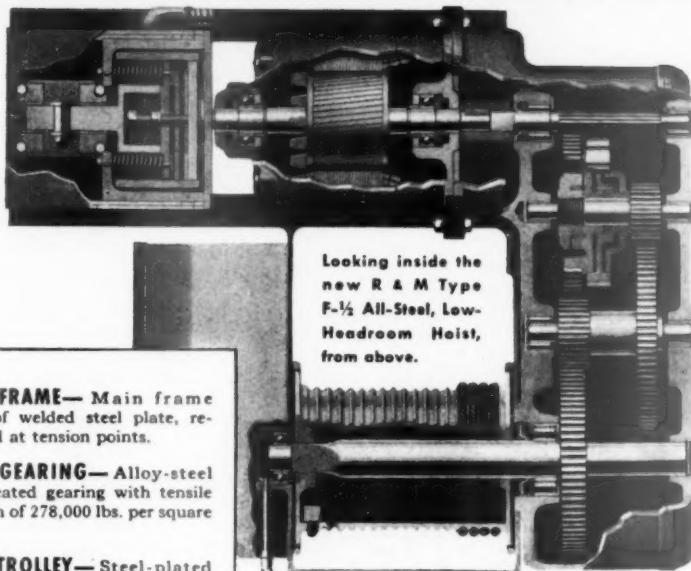
Right this minute there are a lot of reputable dealers whose capital is so low that their future is in grave doubt.

ANSWERS ON TAXES

The 1942 edition of the annual corporation tax guide, "Your Corporation Tax," by J. K. Lasser (\$1), was published this week by Simon & Schuster. Among other features, the book explains intricacies of the new excess-profits tax, amortization provisions, and computation of "invested capital"; it also lists elections that help reduce normal tax, surtax, and excess-profits tax. Purchasers of the book will receive on request free reports of legislation passed before Mar. 15 that will affect the readers' taxability.

All inquiries for this book, as well as for its companion personal tax handbook, "Your Income Tax" (BW-Nov. 1 '41, p. 56), should be addressed to the publisher, Simon & Schuster, 1230 Sixth Avenue, New York, N. Y.

ALL-STEEL... LOW-HEADROOM HOIST by R & M



Looking inside the new R & M Type F-1/2 All-Steel, Low-Headroom Hoist, from above.

STEEL FRAME—Main frame made of welded steel plate, reinforced at tension points.

STEEL GEARING—Alloy-steel heat-treated gearing with tensile strength of 278,000 lbs. per square inch.

STEEL TROLLEY—Steel-plated trolley with welded steel bumpers and safety lugs.

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THE MARKETS

Stocks took the sharpest dip in several months on Wednesday of this week, responding rather more vigorously than many had expected to the warlike tone of the Armistice Day speeches. Volume of transactions, as well as prices, clearly reflected the general apprehension, with turnover on the New York Stock Exchange topping the million-share mark for the first time since last September.

• **Pre-Belligerency**—Significantly, the market at Wednesday's close was only a shade above the lowest level last spring, and the lowest level last spring was only a very little above the fall-of-France bottom. Thus pessimistically does Wall Street view the position of what many brokers call our state of pre-belligerency. To observers looking only at the quotations, it might appear that the financial community is as depressed over the outlook for the foes of Hitler today as it was back in the days when France capitulated and a British army escaped only through the miracle of Dunkerque. That, however, is not the attitude of most of the traders. They are not writing off the resistance of Russia and Britain, but rather they are worrying over the consequences of the United States entering a declared war.

• **War and the Stockholder**—Many of those in the Street are unwilling to pay much heed to the fact that the Japanese sent as their special conferee a diplomat who long has been regarded as a friend of the United States (page 81). What they think they see ahead is the involvement of the United States in a declared war which probably will be of long duration. And, while that might not be bearish on its face, Wall Street is pretty obviously going on the assumption that it would result in so many controls over industry—its prices, profits, and taxes—that the position of the stockholder would not be a happy one.

Whether that may be a completely logical point of view or not, it gripped Wall Street at a time when the market found stock difficult to absorb. There has been a pretty steady dribble of

selling lately to establish tax losses—a factor which may be expected to persist in greater or lesser degree from now until the end of the year. The combination of tax-loss selling and liquidation on fears over the international outlook was a little too heavy for this thin market. Obviously, to a market that has been undergoing a creeping decline for several weeks with volume running only about 550,000 shares on the average, a million-share day on the downside is a shock.

• **Commodities**—The commodity markets, which have been jittering around at a great rate for some time, gave ground in response to the uneasiness manifested by stock prices. Cotton dipped fairly sharply but wheat, after a precipitate decline, rallied sufficiently to close only moderately lower.

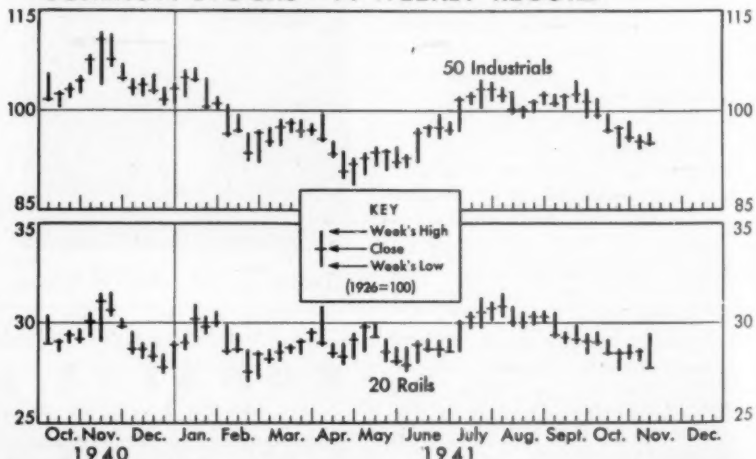
There was little in the Washington news to influence the commodity markets one way or the other, nor were this week's crop reports of a character to surprise anyone. The estimated cotton yield, for example, was put at 11,020,000 bales as of Nov. 1 compared with a prediction of 11,061,000 a month earlier. As is customary at this time of year, the Department of Agriculture stood on its Oct. 1 estimate of wheat production (961,194,000 bu.), but it did boost the corn figure a bit. The corn yield now is put at 2,675,373,000 bu. against 2,625,502,000 a month earlier.

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial ..	95.1	95.6	97.1	110.7
Railroad ..	27.7	28.6	28.5	31.1
Utility	37.9	39.7	42.7	58.9
Bonds				
Industrial ..	106.2	105.5	105.4	103.9
Railroad ...	85.3	85.4	85.0	87.5
Utility	107.3	107.2	107.2	106.1
U. S. Govt.	112.7	112.8	111.8	110.8

Data: Standard & Poor's Corp. except for government bonds which are from the Federal Reserve Bank of New York.

COMMON STOCKS—A WEEKLY RECORD



Date: Standard & Poor's Corp.

© BUSINESS WEEK

Rails at Auction

N.Y.W. & B. property sale comes under a day-old price ceiling, rushed through by OPA in time for occasion.

After a price-ceiling was placed on scrap steel Aug. 8, a top limit on reusable steel rails was in the cards. The Office of Price Administration rushed through such a price top on second-hand rails and announced it last week just a day before the defunct New York, Westchester & Boston Railway sold at public auction most of its remaining property—rails, tie plates, signal and telephone equipment, and right of way.

N.Y.W.&B. considers that OPA's last-minute announcement depressed bids considerably—for it tended to scare out some prospective purchasers and depress bids of the remainder. The court hasn't made its awards, but around \$410,000 was understood to have been high bid for the whole caboodle.

• **Shipping-Point Price**—OPA's new ceiling shipping-point price for "relaying" rail is \$30 a gross ton minus the lowest established charge for transporting such rail between the shipping point and the "basing point" that is nearest in terms of transportation charges. Nearest basing point for New York City will be Philadelphia. OPA's Aug. 8 schedule established a maximum of \$27.25 for such rail—when delivered at consumers' plants located on the line of railroad originating the rail.

The New York, Westchester & Boston Railway was organized in 1910 and transported commuters and freight from suburban Westchester County through the Bronx to 174th St., New York City. During most of its life, the road was under the wing of the New York, New Haven & Hartford Railroad Co. Interest, guaranteed by the New Haven, was defaulted Jan. 1, 1936. Then bondholders, commuters, depot communities, and even New York City and state groups tried to formulate a workable plan for reorganization.

• **Schemes That Failed**—Changes in fares and schedules were unsuccessful stimulants. Councilman J. E. Kinsley of the Bronx urged that New York City align the road with the city transit or loop-subway system—but sides wouldn't come to terms. Gov. Lehman vetoed a bill passed in early 1938 to create a state agency for resumption of operation. An independent group of business men, counting on tax abatement, contemplated purchase of the properties for independent operation, but taxes weren't cut. A bill drafted to place the carrier under control of the Port of New York Authority died in committee.

First actual liquidation order was on

Army truck takes to the air

A fast supply column comes to a river. There's no bridge. A break in the Army's lifeline? Not today! Engineers span the stream with this new aerial cable bridge. Trucks "fly" across it. In three hours the column is on its way.

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June 9, 1939 when Federal Judge Knox of New York City approved sale of copper wire along the line to the highest bidder. Later the railroad's Bronx property was sold to the city for \$1,785,000 cash.

Part of the steel in the recent sale will go for scrap, and at a time when scrap is sorely needed. The scrap steel shortage was largest single factor contributing to the decline in steel operations this week.

COMMODITIES

Cocoa's Ascent

Futures prices advance, with heavy trading volume, as shipping pinch is intensified. But shortage does not yet exist.

Little more than a year ago, cocoa was selling for 4½¢ a pound in New York City—a 20-year low. This week the price was almost twice that figure—the highest since its short-lived peak reached just after the war began in Sept., 1939.

When Nazi troops marched into Poland, and Great Britain announced that

the big conflict had begun, cocoa, along with practically all other commodities, shot upward because of fears of shortages. Prices slid off almost as rapidly as huge world surpluses were publicized.

● **Agreement Concluded**—Early this year cocoa prices advanced as leading producers met in Washington to discuss their No. 1 consumer, to form a cocoa production, distribution, and consumption pact (BW—Feb. 22 '41 p. 61). The agreement would allocate exports among producing nations and control imports into the United States. At that time with cocoa prices around 5¢ a pound, traders figured that a 7¢ price level would be attained—that chocolate manufacturers could afford this level.

Candy-makers tried to accumulate inventory, but are still in the market. The shipping shortage, feared two years ago, became more acute this week. The North Brazilian Shipping Lines had been refused permission to put two extra Norwegian vessels into the trade to carry full cargoes of cocoa.

● **Space Allocation**—No one ship will be allowed to carry only the one commodity, and space from Brazil, second only to West Africa as a producer, will be allocated in accordance with instructions from the Office of Production Management, which will give preference to strategic materials. Meanwhile, the trade has no assurances when West African cocoa shipments will be resumed. Consequently, futures prices have been advancing rapidly with heavy volume of trading.

The shortage seems more potential than acute. Stocks in licensed warehouses increased about 8,000 bags last week to 1,387,522 bags, compared with 1,292,750 bags a year ago. Arrivals of cocoa so far this month amount to 19,485 bags, which brings the total for the year to date to 4,541,297. This compares with 4,006,949 bags in the similar 1940 period and with 4,057,960 in the corresponding 1939 period.

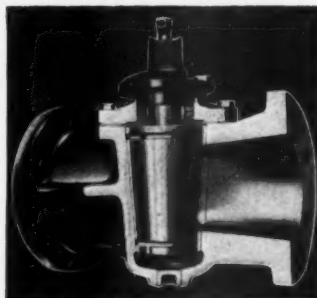
NEW SUGAR QUOTAS?

The sugar control bill introduced in the Senate and House last Saturday had little effect on the market price of the commodity; it was expected to be defeated because of lack of Administration support.

The bill was a compromise of the views of domestic beet and cane producers. It would give continental producers a larger share of the domestic market by increasing their quotas 4%, reducing existing import allotments of Cuban white sugar from 375,000 tons to 300,000 tons, and reallocating a deficit in the Philippine quota. The bill would extend the life of the sugar act of 1937 for another three years—to Dec. 31, 1944, and raise benefit payments to a maximum of 80¢ per cwt., raw value, from the present figure of 60¢.

Many Chemical Plants could not operate without **NORDSTROMS**

One valve failure in an important chemical line might disrupt a plant's entire operation. Chemical engineers are recognizing the necessity of installing valves free from corrosion, erosion and temperature troubles. Nordstrom Valves meet this need. They are protected from the line contents and are a protection to the line. Completely open or close with a quarter turn. Plug is always seated. Lubricant under hydraulic pressure lifts the plug if it ever becomes hard to turn. Plugs are accurately lapped in body. Made of Semi-Steel, Cast Steel, Bronze or special alloys for chemical needs. For high pressures and extreme conditions of corrosion and erosion, Nordstrom Valves are armored with Merchrome Coating.



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For temperatures from -150° to +1000° F. Pressures range from vacuum to 15,000 lbs. test. Sizes from ½" to 30". Wrench or gear-operated. Straight-way and Multiport.

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NORDSTROM VALVES

BUSINESS ABROAD

U.S. Set for Pacific Showdown

Kurusu visit will precipitate crisis or prove that Tokyo wants to gamble for time and chance of German victory in Russia. Nippon's economic plight grows more acute.

The German drive against Russia bogged almost to a standstill this week as blizzards raged in the north and rains turned the southern Ukrainian front into a quagmire.

An Axis convoy, steaming silently out of a blacked-out port at the southern tip of Italy, was sighted by scouting British planes. A few hours later a four-ship British attacking fleet had sunk seven heavily-loaded troopships and two Italian naval vessels.

Bombers over Germany

Swarms of British bombing planes roared over Berlin, Mannheim, Cologne, Essen, and Hamburg in the largest mass raids of the war. Fighter planes continued these night attacks in a series of daring daylight raids on the German-held Channel coast. It was Churchill's answer to his critics for not opening a second front on the West, but, because of the cold, stormy weather, it cost the British nearly 60 heavy bombers.

But the news which every American followed most closely this week was the flight of a diminutive Japanese diplomat across the Pacific from Tokyo to Washington for conferences with President Roosevelt. On the outcome of these discussions between the President and Saburo Kurusu may hang war or peace in the Pacific.

A Diplomatic Trend

Japanese-American relations have been little more than "correct" since 1931, when the Japanese precipitated the Mukden incident, and went on to occupy all of Manchuria. They were strained when Japan occupied Nanking, tense when the Nipponese bombed the Panay, U. S. gunboat in the Yangtze.

But it was not until last summer that insiders began to talk seriously about an open break between the two countries. When Japan moved into Saigon and immediately began to rush plans to complete the great French naval base at Cam Ranh and build a chain of airports off toward the Burma border, Britain, the Netherlands East Indies, and the United States retaliated. All Japanese funds in all these countries were frozen. This, in a single stroke, put an end to Japan's trade with three of its biggest customers, dried up its supplies of oil, rice and iron ore, and warned Japan that it had the

alternatives of ending its aggressions or fighting a combination of these powers in southeastern Asia.

Since then Japanese business has been slowly strangling. A few weeks ago, the public clamor in Tokyo over the shortage of fish became so loud that the new premier, Hideki Tojo, went to the fish market to see for himself what was wrong. Fishmongers told him it was the shortage of oil for their trawler fleets. To conserve foreign exchange, Japan last year slashed civilian gasoline rations from the customary annual consumption of 10,000,000 bbl. to slightly less than 4,000,000 bbl. When deliveries of fresh supplies from British- and American-controlled wells in the Indies were cut off in September, Tokyo made a fresh slash in the local rations.

When silk exports to the United States stopped last summer, 6,000,000 Japanese farmers lost their main cash crop. In desperation, the Tokyo government offered a bonus to farmers for plowing up their mulberry groves and



Saburo Kurusu, special envoy of the Tokyo government, flew the Pacific this week for last-minute conferences with President Roosevelt, in an attempt to ease the crisis in Japanese-United States relations.

converting them to wheat fields. Even then, Japan has little hope of feeding its huge army and its 100,000,000 people on the wheat and rice it can grow at home or collect throughout its empire.

Japan has run into another farm problem which alarms serious-minded officials. When Tokyo authorities first ran into a foreign-exchange shortage, they cut out all imports of phosphate fertilizer because they had to be bought with dollars in the United States or North Africa. After a year or two, the overworked Japanese soil was so exhausted that crop returns began to diminish sharply. Japan's 1941 rice crop was smaller than in any previous war year, and 20% below the "planned" level.

Nipponese steel production dropped 15% below last year's levels during the early part of 1941, mainly because of the shortage of scrap iron following the United States embargo. Brass production is believed to be less than half the level before the United States embargoed exports of its copper and zinc.

Extremists Persist

Despite these alarming developments, Tokyo's extremists have refused to abandon any part of their nationalistic dream of driving all Western powers out of the Pacific and creating a completely Japanese-dominated economic bloc in East Asia. They have increased their troops in Indo-China, continued and intensified their attacks on Chungking, precipitated border skirmishes with the Russians in Manchukuo, and practically issued an ultimatum to Washington to stop aiding China and Russia and to end its economic blockade of Japan or take the consequences.

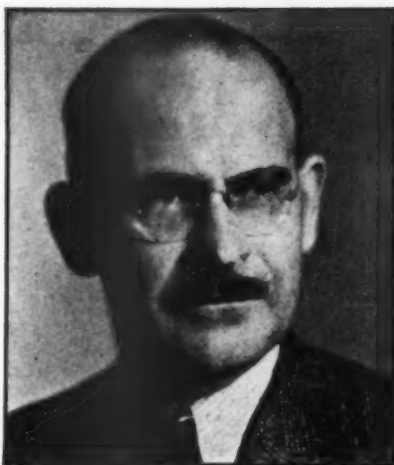
This is how matters stood a few weeks ago when General Tojo—frankly pro-German and strongly nationalistic—formed the present cabinet in Tokyo. In the first flurry of uncertainty over what move his new government might make, Washington took the precaution of ordering all American ships in the Pacific to seek shelter in friendly ports and warned Tokyo that this country was prepared to match force with force. But nothing happened.

As the Military Wind Blows

Since then, Tokyo has blustered, but its tone has been sharper when Hitler's gains in Russia were greatest, very weak when the Nazi armies appeared to be stalled outside Moscow or Rostov.

Saburo Kurusu, by all past records, is a moderate and pro-American. For many years he was Japan's Consul General in Chicago and in New York. His wife is an American. He speaks English with ease.

Experts see no concessions he can offer Washington that his extremist government will back or that will be



MR. CHAIRMEN

G. K. Shields (left), Deputy Minister of the Department of Munitions and Supply, is chairman of the Canadian section of the new Canadian-American Joint Defense Production Committee; and Milo Perkins (right), Executive Director of the Economic Defense Board, is chairman of the



American section. The committee, which will coordinate the industrial facilities of the two nations, was set up by President Roosevelt and Prime Minister MacKenzie King in a conference at Hyde Park last week, similar to the one which produced the general economic agreement between Canada and the United States last spring (BW—Apr. 26 '41, p14).

big enough to win any easing of the blockade by Washington.

But neither Japan nor the United States wants war now. That's why there is a feeling in Washington that both sides will prolong the discussions while each gambles for advantages that will come with time. The next week should give the clue to what's ahead—more maneuvering, or a quick showdown.

Ceiling Postponed

Canada's price deadline moved to Dec. 1. Meanwhile, new implications come to light, such as control of advertising.

OTTAWA—Canada's price controls—originally scheduled to go into operation next Monday (BW—Oct. 25 '41, p 77) will not now be enforced until Dec. 1. That word came out of Hector McKinnon's Prices and Trade Board offices early this week. A shortage of executives to administer the program is blamed, though a few critics insist the government is playing for time in the hope that the United States will speed up its price control law and put it into operation simultaneously.

Policing price control in the Dominion with prices soaring south of the border is a job Canadian officials are reluctant to undertake. And, so far, few business executives have offered to

help administer the program. Nevertheless, price control authorities declare they will be ready by Dec. 1 and have warned business that they will prosecute drastically all who fail to observe the price ceiling program.

• **Self-Expanding Control**—Business control is turning out to be like a snowball rolling down hill; it gets bigger as it goes along. Canadian executives were startled this week at three of the latest implications:

(1) Salaries (like wages) and other earnings (bonuses, directors' fees) are to be frozen.

(2) Rents for business premises are to be controlled.

(3) Advertising is subject to censorship and control by the McKinnon Board.

So far business has merely been told that these particular controls are to be operated—not how. Ramifications of advertising control could take in everything but advertising rates. The McKinnon Board's powers are specifically extended "to include the terms and conditions of advertising the sale or supply of goods and services." The board is authorized "to prohibit transactions or advertising that do not comply with its consumer credit order."

• **Advertisers Warned**—Actually the advertising control provision is intended only for policing the recently-imposed curbs on instalment trade and consumer credit restrictions. McKinnon—a former newspaper executive—has no intention yet of putting censors in the copy rooms

of advertising agencies or establishing a spy system for newspapers and magazines. But virtually unlimited powers have been given the board and the only assurance that they will not be exercised arbitrarily is McKinnon's established preference for moderation in ordering business around.

This much is known: There is no intention to apply the advertising control (with penalties of fines and imprisonment) to advertising mediums such as newspapers, magazines, and radio stations. Actual advertisers will be held responsible. McKinnon will try to operate the restrictions by his favorite method of cooperation. Business will be asked to see that its advertising does not ignore the price ceiling order or the instalment trade control order.

Definite assurance has been given publishers that the price control is not to extend to advertising rates. But to make sure of its position, one of the leading Canadian newspapers this week asked for and secured a go-ahead signal from the McKinnon Board before announcing a hoist in its rates based on increased wartime circulation.

• **Salary Peg**—Telephone lines from Toronto, Montreal, Winnipeg, and Vancouver to Ottawa were congested with calls from big-shot executives following Finance Minister Ilsley's announcement in parliament late last week that the anti-inflation roof was going to cover their pay checks. What they wanted to know was how the ceiling is to be applied, whether there will be a base period for salary highs, whether top flight salaries will be cut, and whether there will be a cost-of-living bonus for executives similar to the wage bonus system. There are no answers yet. Ilsley has merely decided that the bosses in business are going to be treated the same way as labor, and told his officials to work out a plan.

The dope, however, is that the salary lid will follow the general lines of the wage roof. There probably will be a base period antedating the announcement that the ceiling was coming and salary highs will be frozen to that period. Increases subsequent to the base period are not likely to be allowed. But no matter how fat pay envelopes for the base period are, they probably will not be disturbed. It is definitely known, though, that it is Ilsley's intention to prevent boards of directors from distributing war profits in swollen fees for themselves.

• **Salary Levels**—On the average, Canadian executive salaries are lower than in the United States. The late Sir Henry Thornton's annual \$75,000 income for running Canadian National Railways was considered in certain business circles to be a national scandal. But the government's probe into business conditions a few years ago revealed some very comfortable salary rates in

the big-profit industries. Top men in several tobacco companies, for example, drew down \$200,000 to \$250,000 in salaries and bonuses. The coming lid will cover bonuses.

Whether there is to be a cost-of-living bonus for executives is not decided but if there should be one it will be limited to low bracket incomes as in the civil service and will be at the same rate as for labor.

• **Manufacturers Hit**—It is now becoming clear that Canada's over-all anti-inflation plan is going to hit manufacturers and processors harder than distributors and the retail trade. They will be in a middle position between a floating, movable wage ceiling—subject to upward adjustment whenever labor unions claim base rates are subnormal—and a tightly held price roof.

It is hinted that the McKinnon Board isn't going to lose sleep over normal profits for business. If the ceiling means loss for a manufacturer on some of his lines while he still shows an over-all profit it is unlikely that the ceiling will be hoisted on lines which drop into the red.

• **Three B's of Price Control**—The McKinnon Board's methods for administering price control have been reduced to an alliterative formula: bulge, bonus, bump. The translation is this: It can let the ceiling bulge, or it can put business over the bumps—make it conform to the ceiling regardless.

The intention is to use the bump method at the outset so far as it can be used. The price ceilings will not be raised until there is an actual demonstration that they prejudice the national interests. The bonus or government-subsidy-on-imports plan (BW—Nov. 1'41, p63) likewise will be avoided as much as possible although the need for its application is seen in Ilsey's announcement that import boards are to be set up, probably with authority to buy essential imports for the government and sell them at a loss in order to maintain the domestic ceiling. Control officials hint that they expect United States, British, and other importers to shave prices on exports to Canada in order to retain their Canadian market.

• **Imports Curbed**—Bonuses will not be extended to nonessential imports. If the price ceiling and rising prices in the United States act as a barrier to some imports that Canada can do without, Ottawa will not be sad about it; it will help to correct the balance of trade and reduce the shortage in hard-money exchange.

The effect will be different in the case of imports from Britain. These are now greatly reduced because of Britain's agreement with Washington not to use war materials for maintaining export trade. The big British trade with Canada normally is in cutlery and other metal products and this stopped com-

pletely following the London-Washington understanding. Woolens and china are now the most important imports from Britain. Any further curtailment of imports from the United Kingdom would merely add to Canada's own war bill because the Ottawa Treasury is absorbing the deficit on Canadian war supplies to Britain which London hasn't Canadian exchange to cover.

Inflation in Reich

Its arrival is heralded by runs on such items as wine and books. Nazi industrial expansion spreads to neutral nations.

BERLIN—Nazi planners take pride in the fact that they have worked out such a complete system of business controls that inflation has been no worry to Germany even during the last two years of all-out production for defense. Since long before the war, Germans have bought everything from cheese to shirts on a ration basis, with prices rigidly controlled by the government. "Black markets" have turned up from time to time in a few big cities but ruthless punishment of the dealers has prevented the spread of illegal selling.

But by last week the least tutored Germans knew that inflation—the only kind of inflation that can develop in regimented Germany—was under way.

• **Runs on Semiluxuries**—Runs have developed on practically all of the semiluxury products that are still obtainable in war-pinch Germany. Wine, for instance, has become practically unobtainable during the last few weeks except for a few of the most expensive varieties.

This week hoarders turned to books. Long queues formed before little shops on side streets and in arcades off Unter den Linden. When stocks of popular books gave out several weeks ago, the public turned to more serious subjects. But by this week they are buying anything that is left, regardless of subject.

Cigarettes are expected to be next on the list, but there are already loose controls on the sale of tobacco, so this week's maneuvering on the part of shrewd shoppers to lay in extra supplies has at no time amounted to anything like a run.

• **Tobacco Cards**—Before the end of the year Germans expect to receive tobacco ration cards making it impossible to buy smoking tobacco or cigarettes except at a specified shop, and curtailing rations to six to ten cigarettes a day for men. Women will be allowed about half this ration.

Despite these gloomy developments on the civilian front, Berlin's planners of Hitler's New Order continue to make important progress in building new con-

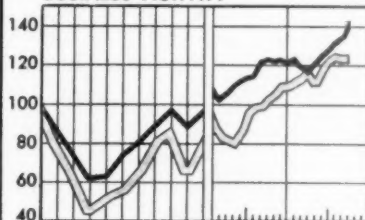
TREND OF BUSINESS CANADA AND U. S.

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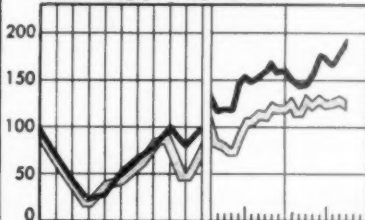
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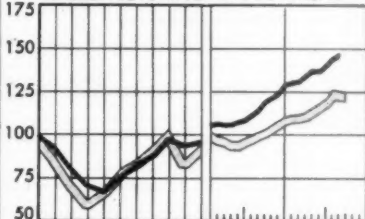
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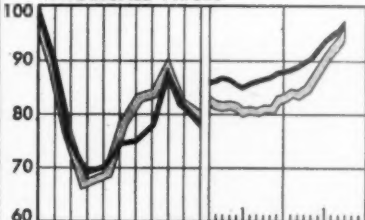
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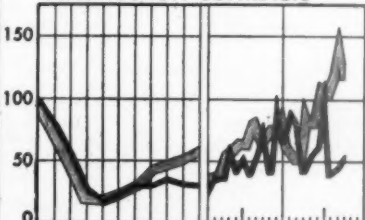
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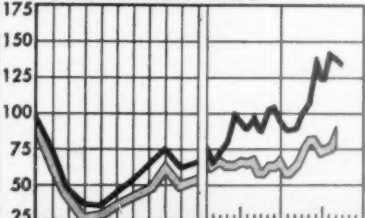
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CONSTRUCTION CONTRACTS



TOTAL FOREIGN TRADE



1929 1930 1931 1932 1933 1934 1935 1936 1937 1938 1939 1940 1941

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sumer industries throughout Europe to operate under German management and German patents. Cut off from supplies of American cotton and Australian wool, the Nazis are turning first to plants for the production of synthetic textile materials. Reporting on the progress of the plan, the Deutscher Volkswirt this week announced that plants in France, Holland, Belgium, and Switzerland—which were well established long before the war—are being rapidly expanded to meet the new demand.

• **Big New Plants**—In Norway, Sweden, Spain, Hungary, Rumania, and Slovakia big new plants are being built either with German capital participation or by licensing local producers to use the German patents.

What attracted attention even in Berlin was the fact that this new scheme already reaches beyond the occupied territory into such neutral countries as Sweden, Switzerland, and Spain. As far as business is concerned, Hitler's New Order already covers all of Continental Europe.

1,000 Steel Planes

Rush to get Nazi airlines out of South America and boost defense brings call for mass-produced stainless transports.

Washington's determination to push the last Nazi air services out of South America and its desire to build up hemisphere defenses are behind the report this week that the United States is preparing to build 1,000 stainless steel freight planes for special service in Latin America.

• **First Contract**—Fleetwings, Inc., at Bristol, Pa., is expected to get the contract for the first 100% stainless steel planes this country has ever built on a mass production basis, but parts will be supplied by such stainless pioneers as Edward G. Budd Manufacturing Co., of Philadelphia, Stout Skycraft Corp., of Detroit, and Murray Corp. of America.

Aviation interests have known since last spring that such a project was under consideration. Last May, Jesse Jones, acting in his dual capacity as Secretary of Commerce and Federal Loan Administrator, announced bluntly that the United States was ready to wage an unremitting "battle of dollars" to drive the Axis out of Latin America's economic life. A few days later he announced that the Reconstruction Finance Corp. would either buy control of German and Italian commercial air services in South America or run them out of business on a competitive basis (BW-May 17 '41, p. 16).

• **Rockefeller Inquiry**—It was at this

time that the Nelson Rockefeller inter-American committee made some inquiries among airplane manufacturers about a plane which would carry heavy freight loads, land at relatively low speeds on short runways, and withstand corrosive effects of damp, tropical climate. Obviously, the United States could not run the Axis operators out of business in South America without first providing substitute services. Along both coasts, established services of Pan American Airways could speed up their schedules and handle most of the business. But, particularly in Colombia, Bolivia, Brazil, and Argentina, the Germans operated a network of feeder lines into the interior. These carried all kinds of freight, mail, and passengers to regions which were otherwise accessible only by long river or donkey trips. Run-of-the-factory transport planes, even if they could be taken away from domestic users, would not be suitable to replace these lines.

● **Army Interested**—The Army had also taken an interest in the matter. No. 1 worry of the men responsible for hemisphere defense is the Caribbean region and the country on both sides of the Panama Canal. No. 2 is the "bulge" of Brazil, less than 1,700 ocean miles from Dakar where the Germans are known already to be in control of the French air and naval base.

During the last year the United States has been shipping small numbers of tanks to Brazil, and sponsoring a chain of giant defense airdromes along the seaboard. But great four-engined planes which could use these specially-built runways were much too large to land on the small and less modern fields of the interior. An established local freight service would be of inestimable service to move men and equipment in an emergency.

These are the reasons why Washington set out last spring to find a plane which would withstand the corrosive effects of damp, tropical countries, carry heavy loads (including tanks), and operate from small runways.

● **For Mass Production**—The stainless steel plane now to be built on a mass basis is offered as the answer since it is virtually corrosion-proof and the fact that sheets can be speedily spotwelded makes it peculiarly adaptable to mass production.

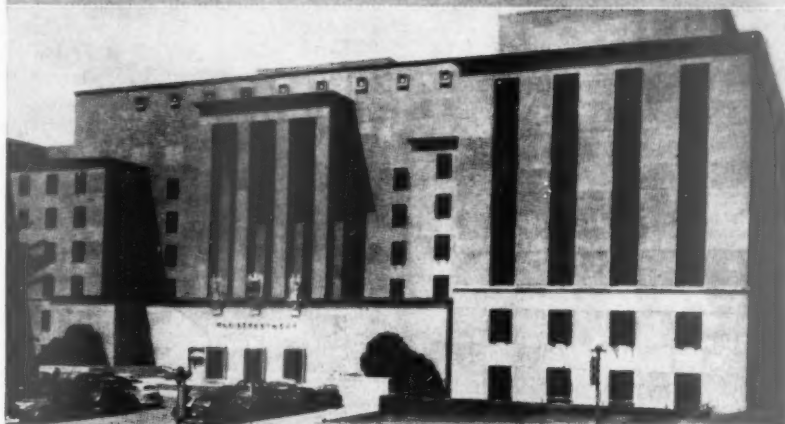
Stainless steel is no innovation in the airplane industry. Experts declare it accounts for approximately half the empty weight of a modern plane. As long ago as 1931 the Budd company designed and built an all-stainless-steel amphibian plane. But until this special Latin American demand arose, this country had never tried to turn out stainless steel planes in mass production.

Because the order is sponsored by both the Rockefeller committee and the defense forces, there is no question about securing adequate raw materials.

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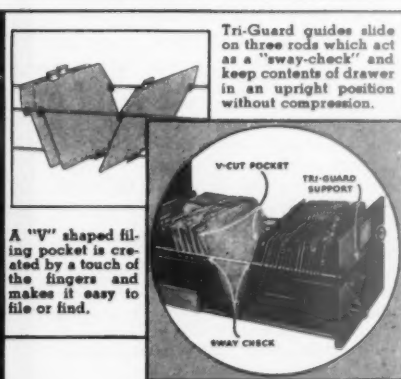
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Manufacturers of refrigerators, washing machines, electric irons, or any home appliances can find ways to make their dealer paper advertising equally useful.

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Harassed business men *scour* business papers for useful ideas. They'll study anything that looks helpful, but they have no time for platitudes or boasts. Business papers offer the opportunity to work out advertising that is of specific use to special groups of customers and prospects.

That kind of advertising merits managerial attention. Company officers must make sure that they have competent advertising help, must provide adequate funds to achieve sound advertising objectives, and, above all, must give their advertising people encouragement, help, and responsibility.

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Strategic Crystals

Brazilian government acts to stabilize quartz market, to advantage of U.S. and Britain in their economic war plans.

A flurry prevailing in the Brazilian quartz market during the last few months was settled last week to the advantage of the United States.

Brazil produces some of the finest quartz crystals in the world. In addition, it is the only important producer of the special kind of quartz which is essential in every radio transmitter and in some of the finer receivers in order to hold a station on an assigned frequency.

During the last war, Brazil's limited foreign market for quartz crystals dried up completely. There was no radio then. But by 1938, when this war seemed inevitable, there was a rush to get Brazilian quartz, both for radio equipment and for some of the high-powered optical instruments which had been developed for the defense forces.

• **Market Rivalry**—Both Japan and Germany jumped into the market with huge orders, and Britain quadrupled its 1937 purchases. The United States was in, too, but bought less than any of the other "big three" because of the amount of quartz that was available at home.

It was not until 1940, when Germany was pretty well shut out of the

market because of the blockade, that officials in the Ministry of Economic Warfare in London began to point out to the United States that Japan's purchases of quartz had skyrocketed far beyond its own possible needs and therefore that the Japanese must be buying for the Germans and delivering by way of Russia. That started the battle for control of these strategic crystals.

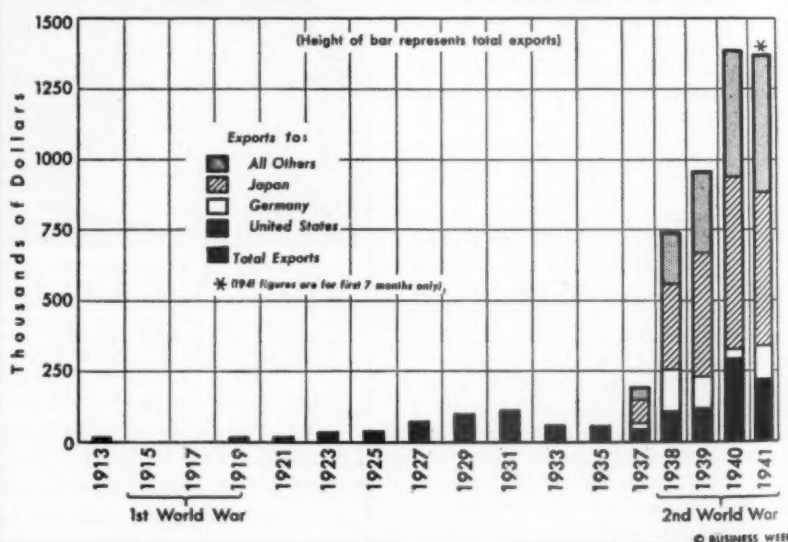
Speculators rushed into the market. Importers tried to build up stocks. Exports for the first seven months of this year almost touched the total for 1940. Prices skyrocketed. Then the Brazilian government stepped in.

• **Strict Regulation**—Henceforth, all commerce in quartz crystals is going to be strictly regulated by the Brazilian government, just as sales of diamonds are now regulated. And Rio officials have agreed that they will not sell any quartz for export except through a government control board.

Ostensibly, the Axis powers are going to be squeezed out of the market, though Japan for the present may be dealt with more leniently than Italy or Germany.

It is another case in which the United States and Britain are pushing their economic warfare. By offering to buy at a fixed, high price, all of the surplus that Brazil can produce, they have secured the cooperation of the Brazilian government in shutting off shipments to the Axis, though as long as the Italian transatlantic air service continues across the South Atlantic there is bound to be at least a small leak.

BRAZIL SELLS QUARTZ TO A WARRING WORLD



Quartz crystals are a strategic material because they are essential in radio transmitters to control wave lengths. When war became inevitable in 1938, it started a boom in Brazil's quartz

market—most important in the world. Last week Rio authorities put the business under government control, agreed—at a price—to help squeeze the Axis powers out of the market.

PROFIT & LOSS

Soft Job

You can hardly turn around anymore without running into some obscure new Western Union service. We did just the other night, when we were spending the evening with a couple of new parents.

At 8 p.m. a reliable little high school girl in the neighborhood was due to come in and stay the evening with the baby while the parents went out to relax at a movie. At 8:30 p.m., though, it began to look as though the reliable little high school girl had decided to go to the movie herself. The parents looked more and more depressed and finally struck up a whispered argument along the lines of, "Now you go on to the movie and I'll stay home with—I won't mind at all—Honestly—I never liked Margaret Sullivan much anyway—Well, you know, I can just take her or leave her—Who's a liar?"

Etc.

This argument went on sotto voce until one of the other guests went out to the phone and came back and announced that everybody might as well get ready to go because he'd just arranged for someone to come stay with the baby.

In less than 15 minutes the baby-sitter arrived—a Western Union messenger, in uniform. Though he was a little older than most of the Western Union boys (he was getting pretty bald on top), the parents were slightly bewildered by him, and not too certain that he could mind a baby. Hesitantly, they both began to give him vital information concerning babies—what to do when they woke, or cried, or threw the covers off, or coughed. The messenger, who politely removed his overcoat and hung it on a hook during this recitation, bobbed his head up and down as he received each new bit of information, and at the end of it merely remarked, "Sure, sure, sure."

"Now the baby's right here," the parents said on their way out, and they opened the nursery door so the messenger could look in and see the child sleeping in its crib. He took a quick look around the room, then shut the door quietly behind him.

"Huh," was all he had to say. "Ya just got the one!"

Reason Why

The reports on scrap iron and steel inventories, purchases, and sales which were required to be in the hands of the Priorities Division of the Office of Production Management by Nov. 15 are likely to be a little late, because a number of scrap dealers didn't ever get the necessary forms on which the reports



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have to be made. There was shortage of envelopes in the OPM offices.

Odd Jobs

Charles W. Howard, an old-time Santa Claus himself, this week opened his Santa Claus school at his home in Albion, N. Y. Since 1937, when he started the school, Mr. Howard has been conducting a one-week course every year on how to be a perfect Santa Claus. He's a Rochester department store Santa Claus himself, and he says that ever since he started his school he's been getting thousands of inquiries every year about the business of Santa Clausing—especially from department stores, which are naturally interested in getting well-trained Santa Clauses. This year Mr. Howard has five students in the school. His course always gets under way with a chorus of "Jingle Bells," and covers the origin, history, and evolution of Santa Claus, the art of make-up and costume, child psychology, and showmanship. Diplomas are awarded the graduates of Howard School only after they have served a successful season in a store.

Come Home at Once

Army officers at Lowry Field, Denver, thought it was some kind of a gag when the Wiley Turkey Growers' Assn. of Kiowa County, Colorado—out on the high plains—applied for a 15-day furlough for Private Albert Sinka recently. Albert Sinka, a selectee, was a day room orderly in the 363d School Squadron at Lowry Field, but the turkey growers said that they had to have him back home for a while because Thanksgiving was getting pretty close, and he was the best turkey sticker in America.

After the officers found out what a turkey sticker was they let Albert Sinka off. He slits the throats of the birds as they come to him on conveyors, head down—and he's so good he can stick 4,000 of them a day. He uses a special knife which he designed himself, and an original, swift, three-way cut. When a bird is stuck by Albert Sinka it's almost always grade 1-A, whereas other stickers produce a lot of second and third-grade birds—resulting in a loss to the growers. The growers expected Albert Sinka to stick about 60,000 birds during his 15-day furlough this time. They certainly hope he can get some time off for the Christmas turkey season too.

Or Else

The advantage of being a judge was never made clearer than the other day when a district judge in Golden, Colo., ordered the county commissioners to provide new furniture for the judges' chambers—or be held for contempt of court.

THE TRADING POST

Costs and Prices

Recently a Midwest manufacturer got a letter from Leon Henderson about freezing prices. In replying to Mr. Henderson, the manufacturer discussed some phases of pricing and price regulation that probably enter into the problems of many other manufacturers. I am therefore reproducing his letter:

This is in acknowledgment of your letter of October 22nd, 1941 as requested by you. Earlier acknowledgment was not made because of a strike in our plant which has today been terminated as a result of an agreement to advance wages to the extent that our labor costs will be advanced 10% immediately, 10% in six months and a third 10% exactly one year from today.

We concur with you as to the importance of the production of equipment for the oil industry. Price increases are undesirable but they are merely the result of underlying pressures and not originating factors.

All the articles we manufacture for the oil industry and for that matter for other industries, such as agriculture, steel, non-ferrous metals, munitions, etc., are priced on a spot cost basis. This means that when the inquiry is received we add together all the items that go into cost, such as materials, administration, sales, taxes, insurance, other overhead items and the wage cost. The last item is generally referred to as labor cost. We have oil field items in which the wage cost exceeds 50% of the selling price. Therefore, since wages, materials, and taxes have advanced since July, we have advanced our prices because they are spot cost quotations.

Furthermore, since we have just granted a wage increase, our prices will likewise increase to reflect this. Additional price increases must be made, in keeping with the wage increases we are committed to at the time they are made. Likewise, any increase in cost of raw materials, excise taxes, local, state, and federal taxes will be reflected as increased cost and hence increased prices.

Your theory that such increased costs are offset by increased production, thereby reducing the overhead burden per unit of output, is incorrect because our company and practically all companies of our size passed the marginal point of overhead burden during 1940. We have had an increasing overhead burden, particularly since priorities went into effect, since November, 1940. Therefore, since we have reached this point, we cannot afford to increase our output unless we get increased prices, and every increment of increased cost, due to any cause, must be reflected as an increased price for our present output. Otherwise, we will be undergoing fragmentary confiscation of our working capital.

Moreover, sales below cost are against the interest of the defense program because too many sales below cost always end in plant shut-downs. We will continue to ask prices that will cover all items that good management dictates must be covered.

The writer is convinced that prices will continue to advance because no ceiling will be placed on food and wages and, most

importantly, because the lend-lease method of financing is in itself the greatest of all inflationary vehicles. Our government is distributing I.O.U.'s in the shape of billions of dollars. Russia just got her billion. She will buy all kinds of metal products, chemicals, and, no doubt, food from us. These tangible articles leave our country. Therefore, the productivity of the materials they represent leaves our country. Therefore, our people cannot consume the food, they cannot make the steel work earn itself a replacement fund, the chemicals cannot be used for fertilizer on our soil to grow more food, and so on. We won't even get the metals back as scrap. All we have in this country is one billion more I.O.U.'s.

A similar process is going on in our own spending. We build ships by increasing our stock of I.O.U.'s. The ship is torpedoed before it can put real value into the I.O.U.'s by transporting goods for, say fifteen years. We do not even get the scrap metal back when a ship sinks at sea. All machines and materials for war are nonproductive and consequently cause a surplus of currency and a shortage of goods. This is war. It will make prices rise, particularly consumer goods unless each citizen is rationed.

Priorities for Consumer Goods?

A reader engaged in merchandise development for a Chicago mail-order house writes as follows:

In connection with the control of civilian purchasing and production, it seems that practically everyone figures that his own industry is very important, so all are determined to do their best to maintain their own activity.

Of course, it is impossible for all these civilian industries to go on without running into interference from the defense program. The result of this is considerable confusion and very little opportunity to formulate plans and operations for the future.

I contend that there should be a classification rating consumers' goods on the basis of their ultimate importance to civilian morale. Such a classification should list the items that it is agreed should be made available. With this list as a background, manufacturers would know what fields they could go into with the least amount of curtailment. They no longer would have to work against difficult supply conditions and could operate more effectively. Consumers would know that they could have certain goods without paying a premium.

After all, if the necessities of life are available at reasonable prices, even though the luxuries may soar, inflation will not find good soil to grow in.

Such a program would raise many knotty problems: What is a luxury? Who says so? How measure importance to civilian morale? And many others. Merchandisers have a vital stake in this problem, but probably can get further with it by studying best uses for available materials rather than rating classes of consumer goods.

W.C.

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THE TREND

THE "BUYERS' MARKET" SCARE

The charts on page 56 leave no doubt that consumers went on a buying spree during August. That was the month of the silk-stocking scare (BW—Aug. 9 '41, p. 24). All varieties of merchandise were bought hand over fist—automobiles, apparel, food, drugs, etc. But in September, as the charts also reveal, sales dropped precipitately—all but two types of sales, restaurant and filling station. Why did these not decline? Because meals cannot be hoarded—what you eat today is not a hedge against higher food prices tomorrow. Nor is gasoline a commodity that the average consumer likes to have around in the garage or cellar—it's too volatile for comfort.

• **The inference from these charts is unmistakable:** August was a month of consumer inventory buying; September was a month of retrenchment. How else could you account for the sharp drops in retail sales in September? Such sharp drops as these: food stores, 4.8%; apparel, 14.7%; household furnishings, 18.0%; automotive, 23.7%; durable goods, in general, 15.4%; non-durable goods, 6.1%; all sales, 8.6%.

But many commentators went far beyond that simple interpretation. They declared that the September sales slump was more than a natural reaction from August overbuying; that not only had people overbought in August but also throughout the early months of the year, and that September initiated a compensatory period of underbuying. They concluded that this was the start of a new trend, that the sellers' market had turned into a buyers' market.

Now that is highly significant, if true. For it implies that President Roosevelt, Secretary Morgenthau, and Price Administrator Henderson are unduly concerned over the prospect of inflation; it implies further that the demand for consumer goods has subsided of its own economic volition, and that, therefore, government officials are raising a straw man when they argue the need for price legislation, new taxes, and diverting consumer buying power into savings bonds. In short, it implies that the entire inflation-control policy of the government is based on an assumption contrary to fact. That makes it important, therefore, for business men to analyze the evidence.

• **One piece of testimony** stands out head and shoulders above all other evidence: Consumer income has been and is steadily rising (chart, page 13). Month after month, because of expanding employment and higher hourly pay, overall wages and salaries have been going up. There is another piece of evidence, almost equally important: Retail sales invariably fluctuate with wages and salaries; when wages and salaries go up, sales also go up; and when wages and salaries go down, sales go down. That is an economic axiom. And it is susceptible of statistical proof. In the following table, you can almost visualize the .99

correlation—a statistician's dream—between sales on the one hand and wages and salaries on the other:

Year	Wages and Salaries (1935-39 = 100)	Total Retail Sales
1935.....	86.1	84.4
1936.....	98.1	98.9
1937.....	107.7	108.5
1938.....	100.5	99.9
1939.....	107.6	108.3
1940.....	115.9	117.7

One specific point in the table deserves particular notice. In good years, retail sales tend to go up faster than wages and salaries, and in poor years they tend to go down faster. Thus, from 1939 to 1940, sales went up 8.7%, while wages and salaries were advancing only 7.6%; similarly from 1935 to 1936 and from 1938 to 1939. (The only exception to the rule was from 1936 to 1937, and that is readily explained by the sharp collapse of buying in general late in 1937 immediately after the stock market crash.)

• **This tendency of retail sales to fluctuate more widely than wages and salaries has a sound economic basis.** Remember, consumers have household and general overhead just like any business—rent, electricity, fuel, transportation, etc. These expenses do not vary much from year to year and so they preempt a relatively fixed portion of the weekly pay check. Thus, when payrolls decline, retail sales drop even more sharply; and when payrolls rise, again retail sales rise even more sharply. This brings us to a crucial point in our analysis.

So far in 1941, despite the scare-buying boom in August, sales have not outpaced wages and salaries. Whereas wages and salaries were up 18.8% in the first nine months of 1941 as compared with 1940, sales were up only 17.6%. Had past performance been respected (based on that almost perfect correlation) sales would have been up 20.5%! So, if any inference is to be drawn, it is that consumers have underbought, not overbought.

• **And if that is the case, then the need for inflation controls—for diversion of consumer income from retail counters to savings—becomes even more urgent.** For quantitatively, income has been—and is—increasing faster than taxes; which means that the buying power potential of the country is still rising. Moreover, the government is in the process of curtailing output of durable consumers' goods—autos, refrigerators, washing machines, residential building, etc. Thus, during 1942, we will have this condition: Consumers will have more to spend and less to spend it on. Which suggests that we are going to be in a retail sellers' market—an inflation market—for some time to come, the drop in retail sales from August to September to the contrary notwithstanding.

The Editors of Business Week

Business Week • November 15, 1941

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